Corporate Social Responsibility Failure in Offshore Outsourcing Relationships:

Explicating the Phenomenon through Multiple Levels of Analysis

by

Sun Hye Lee

A thesis submitted in partial fulfilment for the degree of

Doctor of Philosophy

Strategy and International Business Group

Warwick Business School

University of Warwick

September 2017

Table of Contents

List of Tables

List of Figures

List of Appendices

ACKNOWLEDGEMENT

First of all, I thank God for everything and everyone in my life.

I would like to thank my supervisor Professor Kamel Mellahi. He encouraged and helped me to find positive aspects of every event happened in my academic and personal life. I appreciate all his contributions of time, ideas and advice that made my Ph.D. experience fruitful.

I also thank Professor Christian Stadler. He always wanted to be of help and extremely supportive. When I was going through the toughest times in my PhD, the fourth year, I was still grateful that he was there for me.

I would like to express my deep thanks to Professor Michael Mol. I cannot thank him enough for all the supports he has provided me to successfully finish my Ph.D. While he was at Warwick, he was the most inspirational and caring supervisor ever. Even after having left the university, he still supported me in every possible way. From the conversations and discussions we had, I learned what a good researcher should be like. Even when I was completely lost, he was patient enough to guide me along the right path. He is the best teacher and mentor I have ever met in my life.

And my sincere appreciation is extended to all my friends and colleagues who happily spared their time to provide me with feedback, information and to review my papers. I also would like to thank all the interview participants.

I thank my family for all their love, support and encouragement. For my parents who raised me with endless love and supported me in all my pursuits. My father, a role model of my life, overcame all the difficulties in his life that I cannot even imagine and became a perfect dad. My beloved mother who always has been there for me, prayed for me, and encouraged me to be a successful woman. She is the best mom in the world as I have never seen anyone who is more sacrificing. I would not have been able to come this far without them. My deep appreciation also goes out to my parents-in-law who have been supportive and patient throughout the period.

The strong support of my beloved husband, Young Jun, from the very first step to the final stage of this Ph.D. is deeply appreciated. He has been always right beside me and particularly good at cheering me up and making me smile. His positive outlooks have always stimulated me. I appreciate the challenging times we had to go through in the first few years as they presented us such strong love and respect for one another.

And my greatest appreciation goes to my baby girl, Hyejun, who has been incredibly strong, patient and kept company through the final stages of the Ph.D. She made it possible for me to complete what I started by becoming one of the biggest motivations. Thank you and I love you!

DECLARATION

The thesis is submitted to the University of Warwick in support of my application for the degree of Doctor of Philosophy. Chapter 3, 4, and 5 are joint work with Professor Michael Mol and Professor Kamel Mellahi. I solely worked on data collection and we jointly edited the documents. It has not been submitted in any previous application for any degree.

ABSTRACT

Firms are facing challenges in managing corporate social responsibility (henceforth CSR) in their offshore outsourcing relationships and often fail to meet the ever-increasing expectations from stakeholders. The main cause of these challenges stems from the complexity of offshore outsourcing. This thesis attempts to advance understandings of the mechanisms through which key relevant factors operate and interact to influence CSR performance outcomes. Three pieces of research taking different approaches embedded in multiple theories and levels of analysis are presented. Paper 1 advances the theoretical understanding of firm performance outcomes in cross-border inter-organisational relationships, mainly informed by institutional theory, resource dependence theory, and relational view. By specifically looking at CSR in offshore outsourcing relationships, the study enables prediction of CSR performance outcomes under institutional and inter-organisational differences. Paper 2 empirically studies a specific type of CSR failure, corporate social irresponsibility (henceforth CSiR) exposed by the media. Using an extensive amount of longitudinal data, the study demonstrates that CSR performance is an outcome of the interactions between the way firms are perceived by key stakeholders and attention to the subject matter. The paper contributes to the attention-based view, the theoretical underpinning of the paper, by separating out depth and breadth of attention conceptually and empirically. Paper 3 narrows down the sectoral context of the study to the retail industry considering its representativeness in the subject matter. Drawing on resource dependence theory, the study provides conceptual insights into a shifting paradigm from dyadic to trilateral governance. The findings of the three studies examining an identical phenomenon, but adopting different approaches and research tools, suggest CSR performance outcomes are formulated by internal and external contextual conditions and firms' strategic choices. Overall the thesis contributes to our understanding of CSR in offshore outsourcing by unravelling the mechanisms through which these crucial factors work.

ABBREVIATIONS

ACT	Action, Collaboration, Transformation
ABV	Attention-based View
B2B	Business-to-Business
B2C	Business-to-Consumer
CSR	Corporate Social Responsibility
CSiR	Corporate Social Irresponsibility
EPS	Earnings Per Share
ETI	Ethical Trading Initiative
GEE	Generalized Estimating Equation
GRI	Global Reporting Initiative
IB	International Business
IJV	International Joint Venture
ILO	International Labor Organization
IOR	Inter-organisational Relationship
IT	Information Technology
MNE	Multinational Enterprise
MSI	Multi-stakeholder Initiative
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
RBV	Resource-based View
RDT	Resource Dependence Theory
RMG	Ready-made Garment
R&D	Research and Development
SAC	Sustainable Apparel Coalition
SAI	Social Accountability International
SD	Standard Deviation
SEDEX	Sedex Information Exchange
TCE	Transaction Cost Economics
The Accord	The Accord on Fire and Building Safety in Bangladesh
TPO	Third Party Organisation

UK	United Kingdom
UN	United Nations
VIF	Variance Inflation Factor

Chapter 1 INTRODUCTION

1.1. Background and Overview

Firms are expected to deliver return on investment to shareholders (Friedman, 1962, 1970) as well as to other stakeholders including customers, investors, employees, and their local and global communities (Freeman, 1984). Managing and addressing stakeholders' concerns is a challenging task (Doh & Guay, 2004, 2006; Matten & Moon, 2008). The media is littered with stories of firms failing stakeholders often as a result of engaging in corporate social irresponsibility. The practice of offshore outsourcing, for instance, has faced criticisms from stakeholders for irresponsible practices in overseas suppliers' operations (Jiang, 2009). This thesis aims to advance the understanding of the phenomenon of CSR failure in the complicated context of offshore outsourcing. Specifically, by explicating theoretical underpinnings of the mechanisms leading to the phenomenon and then empirically exploring them through quantitative and qualitative research methods. I adopted multiple complementary methodologies as a strategic choice to achieve better understandings of the phenomenon from different perspectives.

Managing CSR in offshore outsourcing relationships raises conceptual and practical challenges. Hence the phenomenon has stimulated and attracted scholarly interest over the last few decades (Maloni & Brown, 2006; Walker, Miemczyk, Johnsen, & Spencer, 2012). The increasing number of articles published underscores the burgeoning interests of scholars in offshore outsourcing (Walker et al., 2012; Yawar & Seuring, 2017). An extensive literature review conducted by Walker et al. (2012) demonstrates that the number of published papers on sustainable procurement increased by over 20 times, from less than 5 papers in 1998 to more than 100 papers in 2010. The literature agrees that institutional distance and inter-organisational differences are the major challenges for CSR in offshore outsourcing (e.g. Ciliberti, de Haan, de Groot, & Pontrandolfo, 2011; Maskell, Pedersen, Petersen, & Dick Nielsen, 2007; Midttun, Dirdal, Gautesen, Omland, & Wenstop, 2005; Pedersen & Andersen, 2006). What is less clear, however, is how the factors at different levels jointly formulate CSR performance outcomes in offshore outsourcing relationships. To address this issue a multi-level conceptual framework is developed to explain the direct and interactive effects of macro and inter-organisational factors on CSR outcomes.

Offshore outsourcing is a contract-based relationship between financially independent firms belonging to different national institutions. At an institutional level, CSR practices are greatly influenced by national institutions (Matten & Moon, 2008). While firms in the same or proximate locations or regions tend to have similar or even isomorphic CSR practices as they share an identical institutional background, firms in distant countries, as in the case of typical offshore outsourcing relationships, are likely to have dissimilar standards and practices of CSR (Doh & Guay, 2006; Matten & Moon, 2008). At an organisational level, stakeholders have higher expectations toward firms that are more visible and considered to be endowed with more resources and capabilities (Kostova & Zaheer, 1999; Udayasankar, 2008). Therefore, two firms in an offshore outsourcing relationship are likely to deal with different levels of expectations and pressures from their own stakeholders. Therefore, strategic governance of such differences is a key determinant of CSR outcomes in an offshore outsourcing relationship. However, a supplier is not within a focal firm's boundary. Hence, the focal firm is unlikely to have full control over the supplier. As such, offshore outsourcing brings challenges to CSR management including institutional distance, organisational differences and relationship governance. Therefore, the understanding of the conditional complexity and firm strategic responses deserves more attention from researchers to enable an advanced level of comprehension of CSR outcomes in offshore outsourcing relationships. In Paper 1, I address this issue by looking at the critical roles of inter-organisational governance in tackling institutional and inter-organisational differences.

For practitioners, struggles in managing CSR in offshore outsourcing relationships have a long history in practice. Since the sweatshops of Nike's suppliers in South Korea and Taiwan were first reported in the 1970s, tragedies in operations of offshore suppliers have continued to occur and have recently become more serious. The collapse of Rana Plaza complex in Bangladesh in 2013 was an especially devastating event that resulted in more than 1,100 deaths (Mena, Rintamaki, Fleming, & Spicer, 2016). Firms including Walmart, Primark, and Benetton that were sourcing from the factories in the building were denounced for the debacle. However, these companies made similar claims to those of Nike in the 1970s, and argued that as they did not own the Rana Plaza, they were not responsible for the disaster (Gilmore, 2013; Siegel, 2013; Westhead, 2013). Such issues are not exclusive to the garment industry. A series of suicides were committed in Chinese factories owned by Foxconn where Apple products were assembled (Lee, Mol, & Mellahi, 2016). As a consequence of increased public attention, Apple promised to make changes. Simultaneously and ironically, however, the company was looking for an alternative supplier that accepted cheaper prices, and started working with Pegatron in 2011. In December 2014, allegations of horrendous conditions and illegal practices at the Pegatron factories were reported by the BBC (Lee et al., 2016).

In the last few decades, academic literature on CSR in supply chains and more specifically on offshore outsourcing contexts has focused on three main themes: drivers for firms to engage in CSR in offshore outsourcing practices (e.g. Amaeshi, Osuji, & Nnodim, 2008; Ganesan, George, Jap, Palmatier, & Weitz, 2009; Wolf, 2014), offshore practices and their limitations (e.g. Murphy & Matthew, 2001; Pedersen, 2006; Reinecke & Donaghey, 2015), and desirable solutions to account for the CSR issues (e.g. Andersen & Skjoett-Larsen, 2009; Gold, Seuring, & Beske, 2010; Lim & Phillips, 2008; Perry, Wood, & Fernie, 2014). Despite the significant advances made to date, there remain gaps within the current body of literature that need to be addressed, and some of these will be attended to in the conceptual paper, the quantitative research paper and the qualitative research paper of this thesis.

In this thesis, I take critical realism as my philosophical stance as it allows plural empirical methods and provides an appropriate perspective in conducting research on such complex phenomenon (Archer et al., 2016; Miller & Tsang, 2011). Answering the research question requires multi-dimensional analyses and understandings of underlying mechanisms. Critical realism offers flexibility to accommodate more than one type of methodology (Mingers, 2001). The ontological positioning of critical realism is that social phenomena and events cannot be and should not be observed in a closed system as they are the outcomes of interactions of participants and factors in an open system (Mingers, 2006), and which is a fundamental and central assumption of this research. As such, to cover plural theories and hypotheses, the study is to be framed with critical realism epistemologically and will be led by both qualitative and quantitative analyses methodologically. In this way, this thesis will make contributions to shedding light on the complex phenomenon of CSR failure in offshore outsourcing relationships.

Table 1.1 presents information on each of the three papers in this thesis: types, research questions, theories, methodologies, data sources, and findings. As can be seen, this thesis takes a mixed-methods approach to the study of CSR in offshore outsourcing because of the complementarity of quantitative and qualitative research methods. Specifically, Paper 2 intends to test a broad theoretical framework to predict CSR failures in offshore outsourcing and it benefits from large-N quantitative research while Paper 3 studies a relatively new and emerging off shore outsourcing governance paradigm requiring an in-depth understanding of the phenomenon itself and the empirical and theoretical background of its emergence rather than testing hypotheses.

Table 1.1. Summary of papers

Papers	Research Question	Theories	Methodology	Data (Sources)	Propositions and Hypotheses	Key Findings/ Implications
Paper 1: Conceptual paper	How do inter-organisational relations, institutional distance, inter-organisational differences and their interactions help to explain CSR failure?	Institutional theory, Stakeholder theory, Resource dependence theory	Theorization	Strategic management literature, International business literature, CSR literature, Supply chain literature	*P1*: Differences in stakeholder expectations increase CSR failure *P2*: Cooperative relationship decreases CSR failure *P3*: Dependence decreases CSR failure *P4*: Institutional distance increase CSR failure *P5a*: Cooperative relationship negatively moderates P1 *P5b*: Cooperative relationship negatively moderates P4 *P6a*: Dependence positively moderates P1 *P6b*: Dependence positively moderates P2	-CSR performances in offshore outsourcing relationships are the outcomes of interactions between institutional distance, interorganisational differences and interorganisational governance mechanisms.
Paper 2: Quantitative research paper	What drives media reporting on perceived corporate social irresponsibility originating from offshore outsourcing? Can firms' attention and active engagement in the subject matter reduce media reporting?	Attention-based view of the firm	Quantitative text analysis, Statistical analysis (Generalized Estimating Equations: negative binomial)	Panel data for 120 companies over 15-year period: Media articles from FACTIVA, Annual/ CSR reports	*H1a*: The depth of attention is negatively associated with media reporting on CSiR in OO (offshore outsourcing) *H1b*: The breadth of attention is positively associated with media reporting on CSiR in OO Baseline expectation 1: Visibility has a positive relation to media reporting on CSiR in OO Baseline expectation 2: Prior media reporting has a positive relation to later media reporting on CSiR in OO *H2a*: The depth of attention negatively moderates B1 *H2b*: The breadth of attention positively moderates B1 *H3a*: The depth of attention negatively moderates B2 *H3b*: The breadth of attention positively moderates B2	-In-depth attention to CSR has a negative association with media reporting on CSiR in OO. -Broad attention has a positive association with media reporting on CSiR in OO. -The relationship between prior media reporting and later media reporting on CSiR in OO is negatively moderated by both in-depth and broad attention.
Paper 3: Qualitative research paper	Why do buyer firms from developed countries and their suppliers in developing countries in the garment industry use trilateral governance?	Resource dependence theory	Qualitative interviews	Practitioners from UK, Danish retail firms, third party organisations, and a supplier based in Hong Kong		-Power asymmetry and information asymmetry: major drivers to a trilateral governance. -Trilateral governance enables to share information and increase leverage on suppliers and national institutions.

1.2. Paper 1: Motivations, Research Questions and Contributions

The impetus for the first paper came from observing what have unfortunately become regular tragedies in offshore outsourcing - communities experiencing large numbers of casualties or serious injuries with very little satisfactory explanation for their occurrence. Empirical studies have explored responsibilities for such events and their impact, but to date there is no conceptual framework that provides a thorough theoretical explanation of how and why such events occur. The existing literature does recognize some critical causes for CSR issues in supply chains. They include institutional distance (e.g. Maskell, Pedersen, Petersen, & Dick Nielsen, 2007; Midttun, Dirdal, Gautesen, Omland, & Wenstop, 2005; van Tulder & Kolk, 2002) and principal-agency problems that involve information asymmetry and supplier opportunisms (e.g. Ciliberti, de Haan, de Groot, & Pontrandolfo, 2011; Pedersen & Andersen, 2006). However, the extant literature has failed to identify clearly the mechanisms and processes through which those causal factors interact and jointly contribute to formulating certain CSR outcomes. The lack of such comprehensive understanding is caused, at least in part, by the fact that there are few conceptual works in comparison to the number of empirical papers in this field of study (Brandenburg, Govindan, Sarkis, & Seuring, 2014). Yawar and Seuring (2017) argue in their systematic literature review that among social issues in supply chain literature almost 70% of the studies are empirical studies mostly in the form of case studies and surveys while only 25% of studies are conceptual pieces. Considering the complexity of the context of offshore outsourcing, as well as the multiple participants playing with distinct agendas in these relationships, this is a gap in our knowledge that needs to be addressed. On top of the academic needs, there is also practical urgency to discover what leads to these failures considering the impact of failure is usually much more salient and longer-lasting than the effects from doing good (Lange & Washburn, 2012). Therefore, discovering ways to minimize failures by understanding underlying mechanisms should take priority over finding ways to optimize CSR performance in offshore outsourcing.

Paper 1 provides a mid-range theory enabling a prediction of CSR performance outcomes, especially CSR failures, from offshore outsourcing relationships focusing on institutional and inter-organisational level factors. The study asks: *how do* *institutional distance, inter-organisational relations, and their interaction help to explain CSR failure in offshore outsourcing?* The question requires an in-depth understanding of two separate disciplines, namely, strategic management (strategic decisions on CSR practices and interorganisational relationships) and international business (institutional distance). While acknowledging the constraints and challenges generated by the context such as institutional distance and organisational differences, the proposed framework focuses on the critical roles of inter-organisational governance in identifying and managing CSR issues, and ultimately moderating the relation between conditional factors and CSR outcomes. Drawing on institutional theory, resource dependence theory (RDT) and relational view, the paper develops a number of propositions. The conceptual paper advances a theoretical understanding of CSR in supply chains literature. This is a critical contribution to the literature where extant studies are mostly phenomenon-driven and in the form of fragmented empirical investigations usually on weak or limited theoretical grounds.

1.3. Paper 2: Motivations, Research Questions and Contributions

Paper 2 is concerned with a more specific type of CSR failure, namely CSiR exposed by the media. When Apple Inc., was accused by the media of human rights violations in their suppliers' operations, they claimed that other companies have the same or even worse supply chain issues, but that Apple was unfairly subjected to more media attention (Lee et al., 2016). Observing this, the study asks what makes certain firms face more media scrutiny than others as a result of CSiR in offshore outsourcing. The study considers organisational level factors and asks whether strategic organisational attention to CSR in offshore outsourcing would effectively reduce the effect of conditional firm level factors including visibility and prior media reporting on CSR failure. Specific questions are developed further: *What drives media reporting on perceived corporate social irresponsibility originating from offshore outsourcing? Can firms' attention and active engagement in the subject matter reduce media reporting?*

In pursuit of answers to the research questions, the study simultaneously seeks to fill a gap in the literature. CSR literature has advanced for decades and there are several studies using numerical measures for CSR performance, they use publicly available indexes and rankings provided by other organisations (e.g. Cochran & Wood, 1984; Orlitzky, Schmitdt, & Rynes, 2003). Still, there has not been an agreeable and generalizable measure for CSR (Barnett & Salomon, 2012; Brammer & Millington, 2008). Thus, a way to measure CSR performance in offshore outsourcing across industries and aspects also remains an unanswered question.

Specifically there have been only a few quantitative works in this field of study and most of the quantitative works are constrained in terms of aspects and subjects (Harms, Hansen, & Schaltegger, 2013; Seuring & Müller, 2008). In other words, there is limited research that presents generalizable findings using replicable numerical data collection methods (Brandenburg et al., 2014). Lack of quantitative research also means lack of studies that provide findings from studying an extensive amount of data across different aspects of CSR. There exists significantly more studies with data on environmental aspects than social aspects mainly due to the difficulties involved in measuring social aspects, and few ways are suggested to measure the two aspects at the same time (Hoejmose & Adrien-Kirby, 2012; Searcy, 2012; Yawar & Seuring, 2017). As such, a major challenge in this research stream is the reliable and replicable measurement of different aspects of CSR/CSiR performance outcomes in offshore outsourcing. The paper empirically and quantitatively tests its hypotheses using an extensive 15-year panel data for 120 Forbes listed companies. The study uses media reporting as a measure for CSR performance outcomes from offshore outsourcing relationships. One of the benefits of this method is it is replicable so it enables longitudinal data collection. It also enables specification of particular contexts and inclusion of different aspects of CSR in the study.

The paper makes a theoretical contribution to the strategic management field by extending attention-based view (ABV) to the firm that has been rarely used in understanding CSR. While ABV has been recognized for its explanatory power in the realm of behavioural theory of a firm, especially in explicating firm decision making, strategic moves, and performances (Nadkarni & Barr, 2008; Ocasio, 1997, 2011; Surroca, Prior, & Tribo, 2016), it has hardly been extended to the CSR. In addition, the study fleshes out ABV by examining depth and breadth of attention separately and suggesting the importance of proper allocation of attention. At an empirical level, the paper makes a significant contribution to the CSR literature by suggesting an alternative way to measure CSR/ CSiR performance in specific contexts as well as a way to measure the depth and breadth of efforts made by firms and managers. The implementation of media articles on CSiR performance also enhances reliability and replicability of the variable while embracing the practical concerns of managers for being publicly criticized.

1.4. Paper 3: Motivations, Research Questions and Contributions

The final gap in the offshore outsourcing and CSR literature can be found in the work that attempts to provide solutions to address issues. This is due, at least in part, to the fact that the majority of the extant work seeks to make improvements without systematic understanding of context specific factors. So far, the literature has mainly focused on the dyadic relationships between buyers and suppliers and proved that top-down approaches, including monitoring and sanctions, are somewhat limited or ineffective (Lim & Phillips, 2008; Locke, Qin, & Brause, 2007).

Developing co-operative relationships seems to be an idealistic alternative (Turker & Altuntas, 2014), but considering that the various tragic deaths in factories keep happening in practice, this method also has not been particularly effective enough to fundamentally address CSiR in offshore outsourcing. Literature especially in the fields of developmental studies and sustainable supply chain management recognises multi-stakeholder initiatives (MSIs) as an alternative. However, the traditional MSIs work merely as an extension of a global level bilateral governance that adopts global standards instead of individual firm codes of conduct. It still has the same problems that traditional methods have, e.g. lack of implementation, and become nominal institutions that issue certificates for joining the club (Fransen & Kolk, 2007; Lund-Thomsen, 2008; O'Rourke, 2006; Rasche, 2012). Yet, the broad concept of MSI includes different sorts of initiatives and they evolve into further variations as problems and tragic events keep happening (Fransen & Kolk, 2007). In practice, firms are going beyond bilateral governance and MSIs, by engaging in more active types of coalitions, i.e. a trilateral governance. Thus, there needs to be an investigation into firms' strategic movements of actively tackling the issues in their supply chains through the trilateral governance system. This means that the extant literature is not fully capturing the fast-changing paradigm in supply chain management and is not applying theoretical and empirical lenses to the mechanism of this new type of coalition.

In Paper 3, I focus the context of the study to one sector and attempt to provide empirical and theoretical understandings of real-life challenges that firms face in managing CSR in offshore outsourcing relationships and making strategic choices. In line with the above-mentioned gaps in the literature, the research question seeks further details of firms' proactive strategies to address CSR issues resulting from offshore outsourcing. It asks the following question: *Why do buyer firms from developed countries and their suppliers in developing countries in the garment industry use trilateral governance?*

The study focuses on the retail clothes sector because of its long history with the events that provided the impetus for this thesis. As the study examines a new phenomenon and realistic insights into the dynamics among those involved, a qualitative research method is deemed the most suitable approach. Interviews were conducted with CSR practitioners from diverse organisations ranging from retail companies, third party organisations (TPOs) and a supplier. The interviews were open-ended so that the interviewees could freely talk about practices but the main questions were informed by RDT. The statements of the interviews were cross-checked with extensive secondary data including archived company reports, information on the websites, and relevant news articles. The triangulation of data enables me to avoid methods bias resulting from collecting data from same sources (Podsakoff, MacKenzie, & Podsakoff, 2012). The analysis of the data provides empirical evidence for the ineffectiveness and limitations of dyadic relationship governance and provides theoretical grounds for going beyond dyadic governance. Observation of changing paradigms in practice, and guided by RDT, the paper offers a conceptual framework for a trilateral governance in managing CSR in supply chains. To the best of my knowledge this is the first study that explored the emerging trilateral governance structure in offshore outsourcing. As such, Paper 3 makes its contribution to the CSR in supply chain literature, and the on-going discussion on MSIs by exploring trilateral governance as a new paradigm in managing CSR in supply chains and more importantly by providing conceptual and theoretical explanations and supports to the new governance model.

1.5. Contributions of the Thesis

The three papers together contribute to our understanding of CSR failure in offshore outsourcing, from different perspectives, at different levels and through diverse approaches. In addition to the contribution to the CSR failure in offshore outsourcing, this thesis contributes to the broader strategic management and international business fields by developing theories encompassing two fields of business; CSR performance and offshore outsourcing. Steered by representative theories in the fields such as institutional theory, stakeholder theory and RDT and combined with relatively less used theories including ABV and attribution theory, the thesis develops and introduces theories that explain CSR failure in the very specific context of offshore outsourcing.

The second contribution that is made is that the study puts an emphasis on CSiR rather than CSR practices. The thesis has its focus on negative CSR outcomes rather than positive ones considering their more salient and long-lasting impact (Lange & Washburn, 2012). This is a relatively under-explored and under-theorized area considering that existing studies have their focus on how to improve CSR performance or how responsible practices contribute to improvement in other corporate performances.

The third contribution is that it enriches the offshore outsourcing literature by looking at CSR performance as one of the outcomes that firms should take into account in offshore outsourcing decisions while previous literature considered cost reduction and gaining resources/ knowledge as expected outcomes (Ellram, Tate, & Billington, 2008; Gilley & Rasheed, 2000; Wong, 2011). This also applies to the CSR literature because the papers in the thesis advocate that CSR should be studied as an outcome of the offshore outsourcing decisions in contrast to existing literature which considers CSR as a strategic means to achieve other corporate objectives such as financial performance and reputation (Burke & Logsdon, 1996; Cochran & Wood, 1984; Mcguire, Sundgren, & Schneeweis, 1988; Mcwilliams & Siegel, 2000; Porter & Kramer, 2006; Ullmann, 1985).

1.6. Thesis Structure

The following chapter provides an extensive literature review on (offshore) outsourcing as a context of the study, CSR as the focus of the study and finally CSR in (global) supply chains. Following that, Paper 1, a conceptual paper, unravels the mechanisms through which institutional distances and dynamics of inter-organisational relationship interact in determining CSR outcomes in offshore outsourcing contexts. Paper 2, a quantitative research paper, looks at firm level factors that lead to CSR failures and organisational attention as a proactive strategic movement to reduce such failures. And Paper 3, using data from interviews, explores a changing paradigm in addressing CSR issues in global supply chains. A final chapter concludes the thesis by presenting findings and implications from the individual papers.

Chapter 2 LITERATURE REVIEW

2.1. Overview

This literature review starts by presenting offshore outsourcing literature. Understanding the body of literature is critical as it is the contextual background of the subject matter. The section contains extant works covering definitions, drivers, and the process and performance outcomes of offshore outsourcing. By examining definitions, the issue of the lack of clarity in terminologies and concepts within this literature is addressed. The literatures on drivers and performance outcomes help us understand why CSR issues are an unexpected but inevitable outcome of offshore outsourcing. The review on the process of offshore outsourcing governance provides a general understanding of how performance in offshore outsourcing relationships is managed and determined. The literature on CSR follows as the comprehensive understanding of CSR lays the foundation stone for investigation into CSR in a more specific context of offshore outsourcing. The review covers the mainstream topics in CSR literatures: definitions, drivers, and effects of CSR on company performances. Finally, the third part of the literature review begins with an analysis of existing knowledge on the motives for firms to adopt CSR policies in their offshore outsourcing operations. Literature on current practices and challenges in implementing CSR in offshore outsourcing relationships and suggested solutions to address the difficulties are then discussed. The chapter concludes with a summary and discussion of the evident gaps in the existing literature.

2.2. Offshore Outsourcing

This section introduces offshore outsourcing literature in order to provide a background understanding of the context of the thesis. Following the definition of offshore outsourcing in relation to other types of governance modes, the drivers that lead firms and managers to opt for (offshore) outsourcing are elucidated. This is followed by a discussion of the literature concerned with the process and performance outcomes of offshore outsourcing.

2.2.1. Definition of Offshore Outsourcing

A firm's strategic choices on governance modes could be categorized into four dimensions as presented in Table 2.1. A firm could make a 'make-or-buy' decision: whether to produce goods and services internally or to purchase externally produced goods and services. Although it is acknowledged that there are governance structures that fall between markets and hierarchies (Arnold, 2000) i.e. alliance or franchises, this is a discussion that goes beyond the boundary of this literature review. Simultaneously, a firm decides on production location: whether to have the goods and services produced domestically or globally. Although the term outsourcing tends to be used to refer to offshore outsourcing (e.g. Bettis, Bradley, & Hamel, 1992), by definition, "outsourcing is the procurement of supplies from legally independent entities (suppliers)" (Mol, Tulder, & Beije, 2005, p.600) whereas "offshoring is restructuring the firm along another dimension, namely geography. It entails the relocation of operations from the home nation to a foreign location where the same company activities are performed under either the multinational company's own subsidiaries or allocated to a foreign contract vendor" (Contractor, Kumar, Kundu, & Pedersen, 2010, p.1417-1418). Accordingly, when a firm is taking an offshore outsourcing strategy, the firm is procuring goods or services from an overseas independent supplier (Bertrand & Mol, 2013): see this is summarized in Table 2.1.

Table 2.1. Corporate sourcing strategies

<table>
<tr><td colspan="2" rowspan="2"></td><td colspan="2">Ownership</td></tr>
<tr><td>Captive</td><td>Outsourcing</td></tr>
<tr><td rowspan="2">Location</td><td>Domestic</td><td>Sourcing goods/ services internally and domestically</td><td>Sourcing goods/services from an independent supplier based in the same country (Mol et al., 2005)</td></tr>
<tr><td>Offshore</td><td>Sourcing goods/ services from a subsidiary abroad (Contractor et al., 2010)</td><td>Sourcing goods/ services from an independent supplier based in different country (Bertrand & Mol, 2013)</td></tr>
</table>

2.2.2. Drivers of Offshore Outsourcing

Despite the disagreements as to the way of differentiating core and non-core activities, it is a widely accepted fact that firms attempt to keep their core activities internal while outsourcing non-core activities (Contractor et al., 2010). By outsourcing peripheral activities, either previously done in-house or not, to the suppliers who are able to do the tasks at a lower costs chiefly thanks to the economies of scale, a firm could enjoy reduced costs (Ellram et al., 2008; Gilley & Rasheed, 2000). Outsourcing provides firms with a potential for flexibility by reducing the risks of making investments in irreversible fixed assets and enabling firms to conveniently replace a supplier with a more advanced technology and a cost advantage (Leiblein & Miller, 2003). By outsourcing less important activities, not only can firms retain core competences but also secure a capacity to spare for additional investments in those competencies (Gilley & Rasheed, 2000; Murray & Kotabe, 1999). Furthermore, as Wong (2011) suggests, given limited capabilities and capacities of individual firms, outsourcing offers them an opportunity to access resources that are unavailable or costly to gain internally. Offshore outsourcing can potentially magnify the benefits of outsourcing by allowing firms to access cheaper options overseas and provide them with even greater flexibility and lower switching costs as they can choose among suppliers across the globe (Bertrand & Mol, 2013).

Among a few theoretical perspectives that help us to understand the drivers of a firm's decision on (offshore) outsourcing, this literature review focuses on transaction cost economics (TCE) and resource-based view (RBV) since they are considered to have the most influential explanatory power (McIvor, 2009). TCE and RBV play critical roles and complement each other in evaluating outsourcing opportunities (Espino-Rodríguez & Padrón-Robaina, 2006; Leiblein & Miller, 2003; McIvor, 2009).

A market transaction between two independent organisations is likely to entail transaction costs due to market inefficiency characterized as information asymmetry, bounded rationality, and opportunism (Coase, 1937). TCE suggests that firms should take transaction costs and surrounding conditions into account before jumping into outsourcing attracted by the expected reduction of production costs. A firm benefits from vertical integration or internal sourcing when high transaction costs are expected due to the high frequency of transactions, asset specificity, and uncertainty surrounding the transactions (Williamson, 1975, 1985). In consideration of the fact that transaction costs are incurred mainly in the process of gaining information about, communicating with or monitoring contracting parties, offshore outsourcing could potentially incur even higher transaction costs than onshore outsourcing due to increased geographic distances (Qu & Brocklehurst, 2003).

However, the dramatic development and dropping costs of information and communication technologies have encouraged firms to opt for outsourcing beyond national borderlines (Abramovsky & Griffith, 2006; Javalgi, Dixit, & Scherer, 2009; Maskell et al., 2007). Offshore outsourcing attracts firms in advanced countries as it allows them to be more focused on high-skilled tasks while taking advantage of relatively cheap labour in developing countries for low-skilled tasks (Cheung, Rossiter, & Zheng, 2008; Jabbour, 2010). This rationale has meant that China, India, Bangladesh and other developing nations are often perceived as places where strategically important opportunities lie, across manufacturing industries (Javalgi et al., 2009; Lahiri & Kedia, 2011; Maskell et al., 2007; Stringfellow, Teagarden, & Nie, 2008). In addition, through offshore manufacturing, firms can avoid high import taxes by having their products produced and sold in target markets (Stringfellow et al., 2008).

RBV claims that valuable, rare, hard to imitate and non-replaceable resources that bring a firm competitive advantages (Barney, 1991; Wernerfelt, 1984) are best kept in-house rather than being outsourced (Espino-Rodríguez & Padrón-Robaina, 2006; Quinn & Hilmer, 1995; Quinn, 1999). To outsource relatively less critical business processes or activities is a more attractive and economic option for a firm especially when there is a supplier who is better at the jobs (Espino-Rodríguez & Padrón-Robaina, 2006). The idea of outsourcing only peripheral tasks stems from the concerns firms have of losing their skills and competences due to excessive and undiscerning outsourcing, as can be seen from the example of the dematerialization of some manufacturing companies (Arnold, 2000; Bettis, Bradley, & Hamel, 1992).

Yet, firms have started offshore outsourcing more sophisticated and intellectually challenging areas of their activities, expecting knowledge transfer and performance improvement (Bertrand & Mol, 2013; Maskell et al., 2007; McIvor, 2009;

Nieto & Rodríguez, 2011). One example is the fairly recent participation of the service sector including banking and IT in offshore outsourcing when compared to the production offshoring that started in the early 1900s (Crino, 2010; Jensen & Petersen, 2012; Stringfellow et al., 2008). Moreover, there is a trend of outsourcing and offshoring more knowledge-intensive tasks such as Research and Development (R&D) (Bertrand & Mol, 2013). From their examination into the drivers and consequences of domestic and offshore R&D outsourcing, Bertrand and Mol (2013) argue that firms are willing to accept accompanying costs when they see the potential to acquire complementary inputs from offshore outsourcing. This suggests that one of the strongest drivers of outsourcing is now to seek for an access to valuable but internally unavailable resources such as knowledge and technologies as well as to pursue more diverse and economic alternatives.

2.2.3. Process of Offshore Outsourcing

Once an outsourcing decision is made, outcomes of (offshore) outsourcing are now mostly determined by the process and efforts in managing the governance mode that includes suppliers selection, contracting and supplier relationship management (Handley & Benton, 2009). When traditional supplier selection processes were mainly concerned with finding the one that offers competitive prices, the importance of strategically selecting the 'right one' that enables improved performance outcomes through communication and information sharing is increasingly recognized (Sarkis & Talluri, 2002; Spekman, 1988). Considering the increasing significance, research has suggested that firms should add criteria and factors, ranging from quality, time, flexibility, to culture and technology, in their supplier selection decision making processes (Choi & Hartley, 1996; Ellram, 1990; Sarkis & Talluri, 2002).

Once a supplier has been selected, performance outcomes from the relationship depends on how well firms specify contracts and manage their relationships. A firm's ability to design contracts is highly valued in inter-organisational settings (Argyres & Mayer, 2007) and gaining more significance in supplier relationships since it makes both parties understand and agree to relationship specificities and prepare for future contingencies (Zhu, Hsu, & Lillie, 2001). However, well-specified and -designed contracts alone cannot guarantee the desirable performance of suppliers, especially under circumstances where fulfilment of agreements are not institutionally enforced (Zhou & Xu, 2012).

Hence, governance is more critical to performance outcomes than what is written in the contracts. In order to achieve the original goals and objectives of the partnership, firms engage in monitoring and evaluating suppliers' practices and performances. As resource dependence theory (RDT) suggests power is subject to dependency. In an inter-organisational relationship, dependence and power have an inverse relationship (Provan & Gassenheimer, 1994). In other words, the less dependent party in the relationship is likely to have more power over its counterpart (Emerson, 1962). In this sense, it is generally agreed that a supplier's performance improves as its dependence on relationship gets higher (Carr, Kaynak, Hartley, & Ross, 2008). In such relationships, a buyer can exert more power over suppliers (Reimann & Ketchen, 2017). Yet, in pursuit of a long term benefit and in order to avoid potential opportunistic behaviour from suppliers, there is an increasing interest in developing co-operation and mutual trust in buyer-supplier relationships (Hoyt & Huq, 2000). As a relational view suggests, an IOR can yield improved performance, reduce costs and produce competitive advantage when parties cooperate (Dyer & Singh, 1998). This also applies to buyer-supplier relationships. Trust and cooperation in buyer-supplier relationships decrease transaction costs usually spent on negotiation and conflict management (Dyer & Chu, 2003; Zaheer, McEvily, & Perrone, 1998). In addition, cooperative relationships enables parties to be less dependent on formal contracts and become more adaptive to unexpected events not specified in contracts (Zhou & Xu, 2012).

2.2.4. Performance Outcomes of Offshore Outsourcing

In general, there is little empirical evidence to support positive outcomes (Gilley & Rasheed, 2000; Handley & Benton, 2009; Murray, Kotabe, & Wildt, 1995) except for some cases of improvements in export (Bertrand, 2010) and innovation performances (Bertrand & Mol, 2013; Nieto & Rodríguez, 2011). In practice, about a half of all firms that used offshore outsourcing experienced unsatisfactory outcomes while less than 10% are highly pleased with the outcomes (Gottfredson, Puryear, & Phillips, 2005). For example, the empirical study of Gray, Roth, and Leiblein (2011) examining the pharmaceutical industry suggests that offshore outsourcing of product manufacturing risks product quality significantly. As such, the studies show mixed results of the outcomes of offshore outsourcing.

Some of the unsatisfactory outcomes are explained by institutional distance. Offshore outsourcing complicates the context by encompassing multiple and evolving environments surrounding individual organisations (Hofstede, 1983; Kshetri, 2007; Meyer & Rowan, 1977; Rosenzweig & Singh, 1991). Gooris and Peeters (2014) posit that institutional distance between home and host countries create uncertainties and difficulties. Thus, while outsourcing can be beneficial to firms, an inclusion of a foreign context in offshore outsourcing cancels out the cost reduction effect of outsourcing (Gilley & Rasheed, 2000). Kotabe, Murray, and Javalgi (1998) empirically demonstrate that sourcing non-core services from onshore suppliers positively relates to performances while sourcing the same services from offshore suppliers negatively affects a firm’s performances. As such, offshore outsourcing could lead to a decrease in performance due to the difficulties derived from cultural differences (Kotabe et al., 1998). Stringfellow et al. (2008) support the argument through their findings that cultural and linguistic differences have a negative effect on the quality of communication between two organisations in different countries. Thus, Zeidner (2009) stresses that relentless offshoring decisions that ignore cultural differences can cause difficulties in communication and eventually increase costs.

There are political and social outcomes of offshore outsourcing (Park & Hollinshead, 2011). Layoffs in home countries (Bhagwati, Panagariya, & Srinivasan, 2004), along with labour exploitation and environmental deterioration in host countries (Doh, 2005), are often attributed to offshore outsourcing. There is a political and national tendency to be against offshore outsourcing especially in US as workers in labour-intensive industries believe or/and experience the decrease in the demand of their skills and technologies due to the cheap labour in developing countries (Bhagwati et al., 2004; Bryman, 2004; Kshetri, 2007). Although the argument sounds plausible, empirical evidence suggests the opposite showing offshore outsourcing is unlikely to contribute to significant job losses and rather creates more jobs in US (Mankiw & Swagel, 2006). More recently as well, Gurtu, Searcy, and Jaber (2016) argue that offshore outsourcing of manufacturing activities contributes to national economic and social growth. Yet, the apprehensions toward offshore outsourcing gains more justification as their arguments extend to the firms' exploitation of workers and the environments of developing countries taking advantage of relatively weak institutions wittingly or unwittingly (Doh, 2005; Gray, Esenduran, Rungtusanatham, & Skowronski, 2017).

2.3. Corporate Social Responsibility

The academic discourse on CSR can be categorized into three mainstreams: what CSR means, what drives firms to engage in CSR, and what are the implications of CSR to firm performances. This section examines the literature on these three areas.

2.3.1. Definitions of Corporate Social Responsibility

Ever since academic literature on CSR appeared in the 1950s, there have been attempts to define the concept (Carroll, 1999), and the discussion has yet to arrive at a consensus (Dahlsrud, 2008). Bowen (1953) defines CSR as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (p.6). After Bowen, further attempts to define CSR emerge in the 1960s and 1970s. Unlike Bowen's definition that considers social responsibilities mainly as obligations, managerial decisions and discretions have more weight in the definitions that emerged in 1960s and 1970s. One example is that CSR "refers to the firm's consideration of, and response to, issues beyond narrow economic, technical, and legal requirements of the firm" (Davis, 1971, p.312).

Carroll (1979) incorporates and stretches earlier definitions and defines CSR as "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time" (p. 500). This becomes one of the most widely used definitions of CSR. The economic responsibility is fundamental as it is the firms' most basic reason for existence to produce goods and services and sell them to the market. Both legal and ethical responsibilities arise more from the view that considers a firm as a member of a society. A difference is that the legal responsibilities are codified in and enforced by the law while ethical responsibilities are not. This may be the point where the vagueness of the concept of the CSR emerges. Ethics and norms exist implicitly in the society engaging in moral judgement rather than legal judgment, and it therefore remains debatable (Carroll, 1979). The next and the highest level of responsibility, discretion, indicates that decisions and actions are taken by firms even though they are neither implicitly nor explicitly required by the society. Such discretionary responsibility may also be expected and considered to be desirable in some developed societies, but the decision whether to take the responsibility or not is completely down to the company's or the manager's discretion and firms do not get blamed for not taking it in principle. By acknowledging that there are different levels of CSR, Carroll embraces all previous attempts to explain CSR and categorizes them rather than arguing certain responsibilities should or should not be included in CSR.

A more recent definition of CSR implies that CSR is not limited to a firm's behaviour but also consequences of their actions; "a business organisation's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships" (Wood, 1991, p.693). This implies that although drivers, responses, and policies are still of importance, what is also critical is the outcomes. In other words, the social responsibility of firms does not stop at setting rules and policies that reflect stakeholder expectations but is extended to implementing them in practice and accounting for consequences. I adopt the definition of Wood's (1991) because this thesis puts an emphasis on the outcome of CSR considering the significance of its impact on firms and their stakeholders, and seeks to enable prediction of CSR outcomes.

2.3.2. Drivers of Corporate Social Responsibility

There are both external and internal drivers for a firm's decisions to engage in CSR. Institutional theory provides an explanation for the external part of the drivers. Institutions encompass formal institutions including geographic, legal, political, linguistic factors and informal institutions such as culture (Hofstede, 1983; Meyer & Rowan, 1977; Rosenzweig & Singh, 1991). Campbell (2007) claims that institutions are capable of compelling a firm to be socially responsible. Firms' CSR activities are under the influence of national institutions (Ioannou & Serafeim, 2012). Hence, under strong institutions with high expectations equipped with strict regulations, firms are more likely to act in a responsible way and willing to take a higher level of responsibility. Gill, Dickinson, and Scharl (2008) support the view of Campbell (2007) in their empirical paper by showing that firms from North American countries and European countries tend to undertake CSR activities more proactively than their counterparts in Asian countries. The difference is also elucidated by the dissimilarities between the advanced institutions of North American and European countries and relatively less sophisticated institutions of Asian countries. Doh and Guay (2006) posit that there exists an institutional distance even between European countries and the United States, and which in turn leads to dissimilar CSR associated behaviours and decisions of firms. Matten and Moon (2008) provide theoretical explanation for the reasons behind these disparities. Due to the well-established and advanced social systems and infrastructure, European firms are less likely to develop explicit CSR policies and more likely to have implicit ones. On the other hand, there is more room for US firms to set up explicit policies. Not only CSR policies and practices, but also the level and the contents of firms' self-disclosure on CSR is also affected by institutions that they belong to (Ali, Frynas, & Mahmood, 2017; Garcia-Sanchez, Cuadrado-Ballesteros, & Frias-Aceituno, 2016).

At an organisational level, Freeman (1984) suggests a firm should make decisions or behave in consideration of its stakeholders that have an influence on or are influenced by the firm. Campbell (2007) also counts the dialogue with stakeholders as one of the critical drivers of CSR. Stakeholders can largely be categorized into two different types according to the priorities of firms: primary and secondary stakeholders (Waddock, Bodwell, & Graves, 2002). In general, owners, employees, customers and suppliers fall under the name of primary stakeholders while NGOs, communities, and governments come within the secondary stakeholder categories. As firms pursue satisfactory fulfilment of the expectations from both internal and external stakeholders, stakeholders play critical roles in formulating firm CSR strategies (Wood & Jones, 1995). The level of expectations is determined by various firm level factors such as size, visibility and previous commitments (Barnett, 2014; Chiu & Sharfman, 2011; Thorne, Mahoney, & Manetti, 2014; Udayasankar, 2008). Stakeholder theory claims that firms should initiate social activities in relation to their surrounding stakeholders, and socially responsible actions would bring the company competitive advantages such as enhanced reputation, reduced risks and solid relationship with stakeholders (Mcwilliams & Siegel, 2001), and which ultimately could enhance profits in the long term. Namely, CSR enables firms to obtain competitive advantages by differentiating themselves from competitors and developing reputation and legitimacy, and which ultimately leads to stakeholder satisfaction and firm profitability (Carroll & Shabana, 2011).

However, such external factors, especially institutions and institutional stakeholders, do not sufficiently explain a firm's CSR practices and strategies (Amaeshi, Adegbite, & Rajwani, 2016). CSR decisions are also driven by internal and individual level factors including managers' motives, judgement, and capacity to engage in CSR activities (Swanson, 2008). CSR policies are ultimately approved by leaders of organisations (Petrenko et al., 2015; Waldman & Balven, 2014). The existing literature has attempted to elucidate the motivations behind managers' decisions to engage in CSR. According to agency theory, CSR is driven by managerial opportunism at the expense of shareholders' interests (Ansolabehere, de Figueiredo, & Snyder, 2003; Petrenko et al., 2015). On the other hand, the responsible leadership literature maintains that managers' good intentions and moral choices influence firms' CSR initiatives (Doh & Quigley, 2014). But more importantly, the level of discretion allocated to the managers determines the extent and level of CSR commitment (Hambrick & Finkelstein, 1987). In this sense, Sharma (2000) claims that managers granted with more discretionary slack engage in more CSR activities.

2.3.3. Corporate Social Responsibility and its Impact on Corporate Performance

The discussions and studies on the relationship between CSR and financial performance have been animated since the 1960s (Cochran & Wood, 1984). Empirical studies on such relations have surged since the mid-1970s (Burke & Logsdon, 1996). Not to mention the fact that measuring financial performance is relatively straightforward, the relationship is clearly of great interest to managers who serve shareholder wealth maximization (Cochran & Wood, 1984; Friedman, 1962; Godfrey, 2005).

Despite the efforts, it is widely accepted that so far there has been no conclusion that is agreeable or generalizable (Barnett, 2007; Barnett & Salomon, 2012; Brammer & Millington, 2008; Cochran & Wood, 1984; Griffin & Mahon, 1997). While some studies prove positive associations between CSR and firm financial performance, others show negative relationships, and there are even studies claiming no relation (Mcwilliams & Siegel, 2000). Bowman and Haire (1975) find that the relationship between CSR and profitability is positive to a certain degree although the relationship is not incremental. Thus, an increase in CSR commitment and engagement does not guarantee higher profitability (Bowman & Haire, 1975). The empirical work of Spicer (1978) also shows a positive link between CSR and profitability though his research has its limitations in looking into a sole industry, pulp and paper industry, and in considering merely one aspect of CSR, pollution-control records. The positive link between CSR and profitability is also supported by an empirical examination of Stanwick and Stanwick (1998) while the empirical study of Vance (1975) proves a negative relationship between CSR and financial performance.

The studies discussed above show a correlation between CSR and firms' financial performance, but fail to show a causal link. But there have been attempts to make up for these defects. Mcguire, Sundgren, and Schneeweis (1988) discover the causality in the relationship: the existence of a positive impact of financial performance on CSR, and a weak influence of CSR on financial performance. The results indicate that the financial slack of a firm is likely to contribute to a higher level of CSR commitment, whereas a higher level of CSR commitment does not necessarily bring about enhanced financial performance. Lev, Petrovits, and Radhakrishnan (2010), on the other hand, prove that CSR measured by charitable contributions has a significant positive influence on the revenues in the following years. More recently, Saeidi, Sofian, Saeidi, Saeidi, and Saaeidi (2015) suggest that CSR has a positive influence on a firm's performance thanks to its ability to improve a firm's reputation and competitive advantage.

On the other hand, there are also studies proving no relationship between CSR and financial performance. Through their empirical research, Abbott and Monsen (1979) claim that CSR has no effect on the return to investors. Aupperle, Carroll, and Hatfield (1985) attest no impact of CSR on either short or long term profitability.

Such inconsistent results can mainly be attributed to the following three issues in research: misspecification of empirical models, inappropriate measurements, and the time taken for CSR to be reflected on firm performance. First, there are various critical factors that affect a firm's financial performances, and CSR is merely a part of them (Cochran & Wood, 1984; Mcwilliams & Siegel, 2000). For example, Mcwilliams and Siegel (2000) claim R&D intensity has a significant effect on a firm's financial performance, and their model including R&D intensity as a control variable proves the neutral impact of CSR on financial performance. Cochran and Wood (1984), on the other hand, find that firms' asset age is linked to CSR levels. This could be interpreted in two ways according to the authors. Firstly, as the concept of CSR changes as well as external expectation, some elements considered to be basic requirements nowadays were not as such in the past. Also, there is a possibility that older companies may lack flexibility to adjust themselves to changes in society. Thus, the authors control asset ages of subject firms and the results show a weak relationship between CSR and financial performance.

Second, there are doubts about the variables used to measure CSR as well as financial performances; the different and even conflicting results are a consequence of not having appropriate measures and proxies for CSR and financial performances (e.g. Abbott & Monsen, 1979; Bowman & Haire, 1975; Cochran & Wood, 1984). "Although one might have expected a certain diversity of measures of CSR, there is no real consensus on the proper measure of financial performance either" (Cochran & Wood, 1984, p.44-45). In an effort to prove the role of financial measures in bringing about different results, Mcguire, Sundgren, and Schneeweis (1988) test both accounting- and stock-market-based measures in studying the relationship between CSR and firm financial performance. As might be expected, the results change according to the measures used. For example, social responsibility has no concurrent relationship with financial performance in terms of stock-market measures while it has significant relationships with some of the accounting-based measures (Mcguire et al., 1988).

Third, Arlow and Gannon (1982), in their review of empirical studies, argue that the mixed results can be attributed to the time taken for social activities to be reflected on actual economic results. Burke and Logsdon (1996) propose a longer-term vision and benefits of CSR, “in particular by supporting core business activities and thus contributing to the firm’s effectiveness in accomplishing its mission” (p. 496). As such, the discussion returns to the controversies between shareholder theory and stakeholder theory. As the idea of CSR is not oriented to short-term shareholder interest in the first place, but long term benefits in consideration of relevant stakeholders, measuring a firm’s financial performance in the same year or in any proximate year of CSR policies may not be a valid approach. In other words, any effect of CSR is likely to reflect on firm performance in a relatively long period of time and not necessarily in the form of dollar figures. Porter and Kramer (2011) who stress the inseparability of business economic value and social value also admit that the economic value should not be expected to be realized in a short term. They also acknowledge that it is not an easy or a simple task to develop and integrate CSR programs that add value to the society while making business sense. As such the core belief of the concept of shared value is that firms should pursue profits, especially the long-term and sustainable profits rather than short-term and instant profits (Porter & Kramer, 2011).

Departing from examining the direct relations, more recently studies have examined the mechanisms through which CSR influences a firm’s financial performances, and circumstances under which CSR is more likely to affect financial performances. In other words, they look at mediators and moderators between the two variables and institutional contexts. These studies complement the previous studies by taking firm critical factors that have the potential to influence the relationship between CSR and other firm performances into consideration. There are studies that point out that CSR is positively and directly associated with factors such as firm productivity, competitive advantage, reputation and customer satisfaction, and which in turn leads to enhanced firm financial performances (Hasan, Kobeissi, Liu, & Wang, 2016; Saeidi et al., 2015). Wang, Dou, and Jia (2016) on the other hand focus on the changing effects according to institutional contexts. Through a meta-analytic review, they find that the relationship between CSR and firm financial performance is stronger in developed economies due to higher market efficiency than in developing economies.

2.4. Corporate Social Responsibility in Offshore Outsourcing Contexts

Given that CSR has many aspects and covers activities across all business aspects from upstream to downstream, discussions that used to be limited to downstream CSR matters are extending to firm CSR practices in the context of supply chains, and in a more specific context of offshore outsourcing (Li, Zhou, & Wu, 2017). This section looks into the reasons why firms are increasingly adopting CSR policies in their offshore outsourcing operations and in supply chains more broadly. While there are challenges in doing so, practices to address these difficulties are discussed.

2.4.1. Drivers of CSR in Offshore Outsourcing

The burgeoning academic interest in CSR/supply chains and sustainable supply chains is partly a consequence of the increasing number of controversies in business practice. A series of socially irresponsible business practices in offshore outsourcing operations in developing countries, from Nike's sweatshops in the 1990s through to Rana Plaza collapse in Bangladesh in 2013, have provoked vigorous criticisms and moral objections from internal and external stakeholders including consumers, employees, the public and NGOs since the 1990s (Kolk, 2003; Perry et al., 2015). Given the fact that stakeholders are often unaware of the activities conducted by a firm and its partners in supply chains (Giunipero, Hooker, & Denslow, 2012), focal firms that are usually more visible get blamed when disasters or scandals happen (Amaeshi, Osuji, & Nnodim, 2008; Glover, Champion, Daniels, & Dainty, 2014; Kostova & Zaheer, 1999). Furthermore, progressive stakeholders now more explicitly require firms to take the responsibility for irresponsible actions committed in their supply chains (Klassen & Vereecke, 2012; Yawar & Seuring, 2017). Hence, CSR in offshore outsourcing relationships is inevitably a matter that captures a firm's attention. When brands like Nike were named and shamed by the media for exploiting children in the third world, the company had to face boycotts led by consumers, the public and civil society organisations (Yuan, Bao, & Verbeke, 2011). Since the revelation in the 1990s and following vigorous pressures from its stakeholders, Nike has made a significant effort and progress in improving labour conditions and human rights in their offshore outsourcing operations (Locke, Qin, & Brause, 2007). Despite its efforts, however, the

Nike brand continues to be associated with running sweatshops in developing countries.

As such, a firm's history plays an important role when stakeholders make sense of new information about the firm (Barnett, 2014; Bundy & Pfarrer, 2015). And the public tend to be more influenced by negative events than positive ones (Lange & Washburn, 2012) and hardly update their beliefs especially from the negative to the positive (Barnett, 2007). Thus, disclosures of such damaging events, especially through the media can severely damage a firm's image and reputation and such a loss is hard to recover (Emmelhainz & Adams, 1999; Frenkel & Scott, 2002; Wiese & Toporowski, 2013; Zyglidopoulos, Georgiadis, Carroll, & Siegel, 2012). Accordingly, firms with rather passive and defensive motivations for socially responsible practices in offshore outsourcing operations may be satisfied with being able to successfully avoid negative media coverage and public attention or to recover already damaged images from previous exposure (Carroll, 1979; Sethi, 1979). But there are firms driven by more proactive and progressive motives (Carroll, 1979; Sethi, 1979). Given that stakeholders of buying firms mostly from advanced countries now require such high standards to be met across global supply chains (Amaeshi, Osuji, & Nnodim, 2008; Emmelhainz & Adams, 1999; Locke, Amengual, & Mangla, 2009), living up to and even exceeding such expectations can bring firms competitive advantages (Wolf, 2014). Companies expect improvement in their image, reputation and even financial performance by promoting socially responsible practices in their suppliers' operations (Ganesan, George, Jap, Palmatier, & Weitz, 2009; Hoejmose, Roehrich, & Grosvold, 2014).

2.4.2. Firm Practices and their Limitations

Communication with stakeholders. *G*iven that stakeholders mostly gain information regarding negative events in offshore outsourcing operations through the media, firms voluntarily supply alternative sources of information, from which stakeholders usually receive positive information: public announcements, advertisements, annual reports and stand-alone CSR reports (An, Davey, & Eggleton, 2011; Ashforth & Gibbs, 1990; Neu, Warsame, & Pedwell, 1998). Through such voluntary disclosure, firms with positive achievements try to send a signal to stakeholders and prevent them from “adverse selection” (Campbell, Shrives, & Bohmbach-Saager, 2001; Clarkson, Overell, & Chapple, 2011; Mahoney, Thorne, Cecil, & LaGore, 2013). Voluntary disclosures *per se* can be interpreted as a signal of actually doing good due to the costs and time taken to produce them (Brammer & Pavelin, 2004; Mahoney, Thorne, Cecil, & LaGore, 2013; Thorne et al., 2014). Firms willingly bear the costs and publish reports expecting enhanced reputation and compensation from stakeholders (Cho, Roberts, & Patten, 2010; Lyon & Maxwell, 2011; Mahoney et al., 2013).

Yet, voluntary disclosure can be selective in terms of its contents (Neu, Warsame, & Pedwell, 1998). Firms with a negative event can attempt to explain, give an excuse, or attribute it to others or strategically manipulate stakeholder perceptions by greenwashing (Bansal & Clelland, 2004; Mahoney et al., 2013; Mena et al., 2016; Thorne et al., 2014). Mahoney et al. (2013) suggest that firms can exploit CSR reports by intentionally omitting negative information and trying to greenwash their image. By doing so they intend to enjoy positive stakeholder perceptions and elude negative public attention (Cho et al., 2010; Lyon & Maxwell, 2011).

Codes of conduct, monitoring, sanctions. With the lead of Levi Strauss in 1991 and Nike in 1992, multinationals started to adopt codes of conduct (Murphy & Matthew, 2001; Pedersen, 2006; Roberts, 2003; Van Tulder & Kolk, 2001). However, because codes of conduct are placed on a voluntary basis, their formats and contents are significantly inconsistent. In order to address this issue, Social Accountability International (SAI) developed a standard on labour conditions and human rights issues called SA8000 (Gilbert & Rasche, 2007) and Global Reporting Initiative (GRI) provided guidelines for communicating environmental and human rights issues (Othman & Ameer, 2009). The United Nations (UN) also announced principles for human rights, environment, and working conditions in 1999 (Frenkel & Scott, 2002). These universally applicable tools provide guidance for firms to prepare somewhat more standardized codes (Albareda, 2013).

What is established and agreed upon, however, cannot be more critical than how and whether the codes are implemented, performed and lived up to in practice (Babin, Briggs, & Nicholson, 2011; Pedersen & Andersen, 2006). Through meticulous monitoring, firms may also be able to or expect to send a signal to their suppliers and the other stakeholders about how seriously they take CSR (Kolk & Van Tulder, 2002). However, such strict monitoring and strong enforcement is feasible and effective only when relatively more power on the buyers' side is presumed to exist (Mamic, 2005). Hoejmose, Grosvold, and Millington (2013) stress the significant role of power distribution and dependency in buyer-supplier relationships. Unlike joint ventures where there can be two focal firms with equally distributed powers (Emerson, 1962), offshore outsourcing relationships have one focal company who has relatively more power in general. Considering the fact that most firms outsource non-core activities pursuing flexibility (Yan & Gray, 1994), the high flexibility and lowered switching costs increase the bargaining power of the buyer. An increased bargaining power makes the buyer a dominant player in the relationship and the buyer can put pressure on the supplier to follow or emulate its requirements. In a situation where a buyer holds more bargaining power than its supplier, the supplier is likely to comply with whatever standards the buyer lays out (Hoejmose et al., 2013).

Nonetheless, as agency theory suggests, in a buyer-supplier relationship, there is a possibility of the suppliers' opportunistic behaviour and attempts to hide information (Ciliberti et al., 2011; Pedersen & Andersen, 2006). Strict monitoring, scrutiny, and both sporadic and periodic audits, can be counterproductive and rather increase the risks of violation as they may give suppliers an incentive to hide critical information of breach or to bribe personnel in charge (Egels-Zandén, 2014; Plambeck & Taylor, 2014; Wiese & Toporowski, 2013). Boyd et al. (2007) make a conclusion from their review of literature on monitoring that there is no correlation between the level of monitoring and the extent of compliance or performance in buyer-supplier relationships.

As such, monitoring does not guarantee compliance (Locke et al., 2007), and the loose relationship between monitoring and compliance may get even looser in offshore outsourcing relationships. One most obvious reason is geographic distance between buying firms and overseas suppliers, and this entails not only physical distance but also cognitive distance (Maskell et al., 2007; Midttun et al., 2007; van Tulder & Kolk, 2002). Doh (2005) claims that offshore outsourcing makes CSR complicated as it becomes challenging to lay out standards across autonomous firms having different resources and institutional settings. Firms are under the influence of their individual environmental and situational factors such as institutions and stakeholders (Freeman, 1984; Frooman, 1999; Wood, 1991). The most common form of offshore outsourcing is between a parent company in an advanced country and a supplier from a low-cost/ less developed economy such as China and India (Lahiri & Kedia, 2011). Considering the fact that less developed economies are likely to have less strong institutions, suppliers are unlikely to have an incentive to bear any additional costs in order to take the responsibilities that are not forced or required by their institutions including the law, norms and culture (Ciliberti et al., 2011). Through their investigation into the petroleum industry, Midttun et al. (2005) discover that there is a severe strategic misalignment between buyer firms and suppliers primarily due to the different levels of stakeholder expectations the organisations have to face. In detail, compared to buyers in their study who put significant weight on CSR related strategies, more than 10% of suppliers are not prepared with CSR strategies at all.

Cooperation with suppliers. Recognizing the limitation of codes of conduct and monitoring, there have been scholarly efforts to provide alternative solutions to address the issues of CSR management in offshore outsourcing relationships. Developing a cooperative relationship based on trust or mutual self-interests is suggested to be a desirable alternative to maintain and achieve expected CSR performance levels (Andersen & Skjoett-Larsen, 2009; Gold, Seuring, & Beske, 2010; Lim & Phillips, 2008; Locke et al., 2007; Pedersen & Andersen, 2006; Perry et al., 2015). As relational view suggest, balanced, trust-based cooperation can reduce associated transaction costs and produce superior outcomes, and therefore exhaustive power games and consumptive efforts for monitoring can be minimized (Dyer & Singh, 1998; Dyer, 1997; Yawar & Seuring, 2017).

Such cooperation can be more beneficial especially when the country of the supplier has weak legislative institutions that have less power to enforce contracts (Kshetri, 2007). It is mainly because the possibility of opportunistic behaviour and behavioural uncertainty (Williamson, 1975), a major concern of outsourcing, is reduced with the presence of trust and mutual dependence (Dore, 1983; Zaheer et al., 1998). The reduced likelihood of opportunistic behaviour will first lower the need for formal safeguards such as contractual details so decrease the costs related to contracts (Gold et al., 2010). Moreover, communication between partners, which is considered to be one of the most essential elements determining success or failure of the relationship but costly and difficult to be specified in a contract, is automatically well performed once trust is built (Ebadi & Utterback 1984; Argyres & Mayer 2007). Soundararajan and Brown (2016) claim that turning off buyer-led supply chain CSR management and creating shared values with suppliers will fundamentally address issues in supply chains, which includes usually more serious violations in sub-contractors' operations

All in all, it might take some time to get it established (Kshetri, 2007), but cooperative relationships with suppliers can be a source of competitive advantage leading to an enhanced CSR performance outcome, since such relationships will decrease the need and cost for monitoring on the buyer's side, and increase the likelihood of voluntary adherence of suppliers to CSR initiatives (Dyer & Singh, 1998; Uzzi, 1997).

Collaborations with other partners. In order to complement their governance capabilities and capacities, companies collaborate with partners outside of their own supply chains, third party organisations (TPOs) such as non-profit organisations (NPOs) (Peloza & Falkenberg, 2009). Partnering with NPOs is not an unfamiliar business strategy when it comes to CSR. By setting up a partnership, the abilities of different organisations are shared and complemented (Waddell, 2000). NPOs have diverse specialties: some focus on environmental sustainability and some pursue animal welfare while others have their focus on human rights. NPOs provide expertise while firms offer financial support in exchange (Peloza & Falkenberg, 2009; Seitanidi & Crane, 2009). NPOs are selected according to their region-specific, issue-specific knowledge and expertise (Peloza & Falkenberg, 2009).

Although the collaboration between a firm and an NGO is the basic form, there could be variations such as more than one company and one NGO, a company and more than one NGO, and by extension, multiple companies and multiple NGOs (Peloza & Falkenberg, 2009). There is a growing attention to such multi-stakeholder initiatives (MSIs) that are generally formed by involvement of multiple stakeholders including firms, competitors, TPOs (NPOs and NGOs), trade unions, and governments (Baur & Schmitz, 2012; O'Rourke, 2006; Rasche, 2012). Mainly due to the broad concept of MSI, there are a variety of MSIs and they vary in formation, dynamics, foci and purposes. While Ethical Trading Initiatives (ETI), Global Reporting Initiatives (GRI) and UN Global Compact are categorized as representing MSIs, there are smaller and more issue-specific MSIs like Forest Stewardship Council (FSC) (Rasche, 2012). They are functional in providing opportunities for stakeholders to share information and communicate. However, they suffer from ineffectiveness in addressing issues, as it is merely an extension of the bilateral enforcement and compliance governance mode but on a global level (Rasche, 2012) and these easily become entities simply providing certifications that are not properly regulated (Lund-Thomsen, 2008). Acknowledging the limitations, there emerge new types of collaboration that are more focused on a region or a specific issue, and one such example is The Accord, a legally binding coalition specifically designed to address fire and building safety in Bangladesh (Reinecke & Donaghey, 2015).

2.5. Summary and Gaps

The current chapter extensively reviewed literature in (offshore) outsourcing, CSR, and CSR in the supply chain. Since the disciplinary bases of this thesis are in strategic management, international business, business, ethics and supply chain management, the review focused on articles published in renowned journals in the fields of management, strategy, international business, organisation studies, operations management, supply chain management, ethics and occasionally economics. The review shows that offshore outsourcing and CSR are discussed frequently and in significant depth both conceptually and empirically in these academic journals. However, the discourse on CSR in offshore outsourcing has not reached this level of depth in general.

CSR has rarely been considered as an outcome of other firm activities, especially offshore outsourcing decisions, and is chiefly considered to be a means to achieve other corporate goals including an improvement of financial performances or an upgrade of reputation. Likewise, offshoring and outsourcing literature has almost exclusively looked at financial and strategic performances as outcomes of the governance mode. Accordingly, the effectiveness of offshore outsourcing has been evaluated based on its contribution to improvements in financial outcomes and efficiency. Chiefly driven by practical urgency, CSR has only recently been recognized as an unexpected outcome or a by-product of strategic decision-making. For its relatively short history and complicated nature, the discussion on CSR issues in offshore outsourcing is not as developed as the individual studies of CSR and offshore outsourcing.

Probably due to the phenomenon-driven characteristics and the inductive way of research, most of the studies on CSR in offshore outsourcing contexts are in the form of empirical investigation standing on a weak or limited conceptual basis. Some even skip the process of developing a conceptual framework and jump straight into empirical examinations or case studies (e.g. Babin & Nicholson, 2011; Emmelhainz & Adams, 1999; Locke et al., 2007; Sims & Brinkmann, 2003; Van Tulder & Kolk, 2001) while others suggest one or two theoretical backgrounds that barely cover a fraction of the complicated context (e.g. Boyd, Spekman, Kamauff, & Werhane, 2007; Ciliberti et al., 2011). There has been no attempt to understand the phenomenon taking an exception by taking multi-level approach as Aguilera, Rupp, Williams, and Ganapathi (2007) do to comprehend CSR. Considering the additional complexity that the modular context of offshore and outsourcing brings in e.g. institutional distance, inter-organisational relationships, studies on CSR in offshore outsourcing strongly beg for a systematic theoretical comprehension of the relevant levels and their interactions.

In addition, researchers attempt to suggest ways to improve CSR practices or achieve successful CSR outcomes in offshore outsourcing relationships (Lund-Thomsen & Lindgreen, 2014; Perry et al., 2015; Reinecke & Donaghey, 2015) for the purposes of fulfilling stakeholders' expectations and ultimately enhancing other types of corporate performances. Furthermore, the focus has been on advancing CSR performances, not on preventing failures and minimizing harm. Yet, considering the fact that issues and tragedies keep occurring, analysing and diagnosing what is behind a failure has to precede finding solutions to improve performances or achieve successful outcomes. There has been lack of research seeking a systematic understanding of what explains CSR issues, CSR failures namely, especially in the context of offshore outsourcing

There are issues in empirical studies that caught my attention as well. First of all, there are much fewer quantitative pieces than qualitative works studying the subject matter (Park-Poaps & Rees, 2010). The issue I point out here is not that one method is superior to the other, but that there is a significant imbalance in terms of approach. This has resulted in less sophisticated research designs with replicable measurements as well as lack of findings that are applicable and generalizable to a wider population. For instance, there has not been any consensus on an appropriate way of quantitatively measuring CSR performance. CSR performance has been measured in diverse ways: CSR reports published by firms (e.g. Mahoney et al., 2013), rankings published by the third party organisations (e.g. Cochran & Wood, 1984), and the amount of financial contribution to charitable donation (e.g. Orlitzky, Schmitdt, & Rynes, 2003). Such different measures inevitably lead to different results since they represent distinct aspects conceptually and fundamentally. In addition, they can only be a proxy for how responsible firms are and cannot be a proxy for how irresponsible firms are. Not to mention that they cannot be used to measure CSR performance in the specific context of offshore outsourcing. Hence, there needs a new measure for CSR and CSiR that can be replicable and that can specify diverse aspects of CSR performances in different contexts. Furthermore, there is a need for a more structured quantitative research with an extensive amount of data such that the findings can be generalized.

Finally, current discourse in the existing literature on CSR in (global) supply chains acknowledge that firms seek to address the issues in bilateral governance by collaborating with partners that are not traditionally part of firm supply chains, e.g. TPOs and competitors. Although there is an increasing academic interest in studying MSIs, the discussion remains introductory and simply describes individual examples. While traditional MSIs mostly turn out to be nominal in practice, MSIs are evolving into different forms. Considering the fact that there are too many diverse coalitions categorized under the broad concept of MSI, there needs some specific examination on a newer type of coalition that addresses the defects of its precedents. The subject is new, and practically critical and conceptually complicated for involving multiple organisations. Hence, there needs in-depth discussion and investigation into a changing trend and studies to figure out whether/why this is a pragmatically feasible and theoretically valid solution to the issue. This discussion should follow an accurate diagnosis on previously suggested solutions and their limitations.

The following papers address the holes in the literature and contribute to the on-going discussion of CSR matters in offshore outsourcing contexts.

Chapter 3 PAPER 1

HOW INTER-ORGANISATIONAL RELATIONSHIPS AND INSTITUTIONAL DIFFERENCES INTERACT: CORPORATE SOCIAL RESPONSIBILITY FAILURE UNDER CHALLENGING CIRCUMSTANCES

Abstract

We theorize on the interactions between inter-organisational relationships (IORs) and institutions, in the context of corporate social responsibility (CSR) failure. Organisations generally find it challenging to manage CSR, but this is exacerbated when ownership and location choices lead to outsourcing, offshoring, and especially offshore outsourcing. We consider how inter-organisational factors, institutional differences, and their joint occurrence can produce CSR failure, seen as firm misconduct that does not meet stakeholders' expectations. In the case of outsourcing, inter-organisational differences in stakeholder expectations increase CSR failure, but relational characteristics, especially inter-organisational cooperation and inter-organisational dependence, may decrease it. Under offshoring, institutional distance increases CSR failure. We argue that under offshore outsourcing all the direct predictions under outsourcing and offshoring hold true. We further suggest that inter-organisational cooperation acts as a negative moderator on the relationships between inter-organisational differences and CSR failure and institutional distance and CSR failure, while inter-organisational dependence is a positive moderator. Prior literature has not sufficiently emphasized how interactions between national institutions and IORs can produce outcomes such as CSR failure. Our framework generates new insights for CSR literature by deepening understanding of the impact of governance choices and by promoting failure to the central focus. Finally, we highlight an underemphasized type of hidden cost firms face when offshoring or outsourcing, namely CSR failure.

Keywords: Corporate social responsibility, institutional distance, inter-organisational relationships, cooperation, dependence

3.1. Introduction

On December 18, 2014, a BBC TV programme documented poor labour practices in Chinese factories operated by Pegatron, one of Apple's biggest suppliers. These poor practices included excessive working hours and health and safety issues (BBC, 2014). This followed problems in 2010 at Foxconn (Moore, 2012), another Apple supplier, and produced a (social) media discourse about Apple's corporate social responsibility (CSR). People asked whether managers could have done more, how the company could manage its supplier relationships better, and how to deal with differences in standards between China and the United States, but also queried whether high stakeholder demands at Apple are reasonable (Lee, Mol, & Mellahi, 2016). Thus, to understand the CSR impact of Apple's decision to offshore outsource production one must simultaneously consider national institutional factors and the nature of inter-organisational relationships (IORs). Our aim in this paper is to generate a new theory at the intersection of IORs and institutional distance, using CSR outcomes from offshoring and outsourcing as a context.

The international business (IB) literature is full of work on cross-country differences in institutions, both formal and informal institutions. Drawing mainly from institutional theory, much of the literature aims to elucidate the significance of institutional distance in firm entry mode choices (e.g. Hernández & Nieto, 2015; Kogut & Singh, 1988; Salomon & Wu, 2012; Tihanyi, Griffith, & Russell, 2005; Xu & Shenkar, 2002) and subsidiary management including location choices and performance outcomes (e.g. Castellani, Jimenez, & Zanfei, 2013; Kostova, 1999). There is also a big branch of the literature discussing the effects of institutional distance on different types of performance outcomes (e.g. Aguilera-Caracuel, Aragón-Correa, & Hurtado-Torres, 2012; Brouthers, 2002; Castellani et al., 2013; Morosini, Shane, & Singh, 1998). The most widely accepted and used measures for institutional distance are the measures for cultural distance suggested by Hofstede (1983) and the extended measure for multiple dimensions of institutional distance offered by Berry, Guillén, and Zhou (2010).

There has been much work on IORs, mostly confined to within-country (e.g. Modi & Mabert, 2007; Pfeffer & Nowak, 1976), or universal settings (e.g. Dyer &

Singh, 1998; Gulati & Nickerson, 2008), but to some extent also on IORs with partners from different countries (e.g. Luo, 2002; Luo & Ho Park, 2004). IORs are in many different types e.g. joint ventures, buyer-supplier relationships, strategic alliances, and the like (Parmigiani & Rivera-Santos, 2011), and firms are increasingly engaging in one or multiple types of IORs (Barringer & Harrison, 2000). There are studies focusing on antecedents of different types of IORs (Gulati, 1995; Oliver, 1990). But more importantly and more frequently, studies have been centred around the factors leading to IOR performance outcomes. While inter-organisational differences hinder expected performance outcomes (Pothukuchi, Damanpour, Choi, Chen, & Park, 2002; Sirmon & Lane, 2004), a common argument is that trust-based cooperative relationships contribute most to overcome such obstacles and achieve improved performance outcomes in IORs thanks to reduced transaction costs and increased relational rents (Dyer & Chu, 2003; Dyer & Singh, 1998; Gulati & Nickerson, 2008; Zaheer, McEvily, & Perrone, 1998).

Nonetheless there is only a limited literature addressing the effects of IORs on (performance) outcomes in a cross-national context, in spite of both the increasing empirical occurrence of such IORs and the challenges cross-national IORs pose for our theorizing of organisations. As we argue more fully below, these observations are particularly pertinent in the context of CSR failure. Thus the central research question of this paper is *how do inter-organisational relations, institutional distance, and their interaction help to explain CSR failure?*

The remainder of this paper is structured as follows. We begin by laying out the need for a more intricate understanding of how IORs and institutional distance interact. We then turn to CSR, discussing relevant insights from prior literature, before developing a theoretical framework to predict CSR failure. Specifically, we focus on inter-organisational differences, cooperation and dependence as key antecedents of CSR failure at the inter-organisational level in an outsourcing context and on institutional distance as a further factor in an offshoring context. We then propose cross-level effects, specifying how inter-organisational factors moderate the effects of institutional distance on CSR failure. Throughout we provide some examples focused on labour conditions for ease of exposition. Finally, we discuss how the framework generates novel insights for theories and practices of organisations and opportunities for empirical testing.

3.2. Inter-organisational Relationships across Borders

The literature on cross-border IORs has focused particularly on international joint ventures (IJVs) and alliances. And in understanding performance outcomes, the roles of governance mechanisms (Fryxell, Dooley, & Vryza, 2002; Luo, 2002; Luo & Park, 2004) and institutional characteristics (Ertug, Cuypers, Noorderhaven, & Bensaou, 2013; Pothukuchi et al., 2002) are magnified. The huge literature on IJVs focuses on prospects of how IORs may generate value for the parties involved in the relationship (Barringer & Harrison, 2000).

Although there is relatively little literature looking at upstream relationships, relationships with suppliers to be specific, that which exists is centred around formal and informal governance mechanisms, and the extent to which these are complements and substitutes (Li, Xie, Teo, & Peng, 2010; Zhou & Xu, 2012). Also there are various insights on cross-national institutional differences, informal distance such as cultural distance (Handley & Angst, 2015) as well as formal distance (Wang, Zhang, Wang, & Sheng, 2016).

Our central argument here is that the characteristics of IORs and institutional distance may interact in producing the (performance) outcomes of activities. Although it seems that there is not yet a fully-fledged theory of how IORs and institutional distance interact, based on the review above we would suggest there are inklings in both areas to suggest that this interaction ought to be significant. Such a view is also consistent with recent empirical advances in multilevel statistical modeling, which have put much more emphasis on cross-level interactions (Andersson, Cuervo-Cazurra, & Nielsen, 2014) and warned against omitting levels, either through aggregation or through disaggregation (Peterson, Arregle, & Martin, 2012).

Furthermore we see CSR failure as an ideal ground for developing more specific arguments how the interaction between IOR characteristics and institutional distance may affect (performance) outcomes for several reasons. First, CSR failure in offshore outsourcing is a major empirical challenge faced by firms. As firms have outsourced, offshored, and offshore outsourced more activities, they have become ever more reliant on supplier firms for achieving desired CSR outcomes. As our initial example and similar cases like the Rana Plaza collapse in Bangladesh (Perry et al., 2015) and the well-documented historical problems of companies like IKEA (Maignan & Hillebrand, 2002) and Nike (Lim & Phillips, 2008) demonstrate, this is clearly proving difficult for focal firms to manage. Second, and related, CSR outcomes are now simply of significantly increased interest to firms and their stakeholders, meaning they are an important *explanandum*. Third, and on a more conceptual level, CSR outcomes are a domain where both informal and formal institutional differences are a crucial *explanans* (Lee, 2011). Similarly, we suggest that the CSR outcomes are an excellent setting to test key traits of value creation in IORs, because the intricacies involved in managing CSR in IORs necessitate the use of all four key mechanisms behind inter-organisational competitive advantage, i.e. relation-specific assets, knowledge-sharing routines, complementary resources/capabilities, and effective governance (Dyer & Singh, 1998). Thus we would argue that CSR outcomes represent a critical case in further developing the theory of IORs and national institutional distance. We now proceed to look at existing inter-organisational and cross-national explanations of CSR outcomes in further detail.

3.3. Inter-organisational and Cross-national Explanations of CSR Outcomes

CSR refers “to a business organisation's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships” (Wood, 1991, p.693). CSR is a multi-dimensional construct, including community related initiatives such as donation and philanthropy, and organisation related initiatives dealing with environment, customers, suppliers and employees. The extant literature sharply distinguishes between the CSR expectations an organisation faces and its CSR practices (Barnett & Salomon, 2012; Brammer & Millington, 2008). This body of literature emphasizes the importance of alignment between CSR practices and stakeholder expectations. CSR expectations are shaped by a variety of organisational, industry and country level factors (Kostova & Zaheer, 1999; Levy & Kolk, 2002; Maloni & Brown, 2006; Matten & Moon, 2008).

Our organisational theories of CSR have progressed substantially in recent years. Other than discussions of what the *concept* entails (Aguinis & Glavas, 2012; Basu & Palazzo, 2008), much attention has been paid to how CSR is related to *performance* of firms (Griffin & Mahon, 1997; Mcguire, Sundgren, & Schneeweis, 1988; Mcwilliams & Siegel, 2000; Porter & Kramer, 2006; Tang, Hull, & Rothenberg, 2012; Mellahi et al. 2016) and *drivers* of CSR in organisations (see Aguinis & Glavas, 2012 for a review). At the heart of most analyses has been a focus on organisational level stakeholder expectations and CSR practices (Bundy, Shropshire, & Buchholtz, 2012; Hemingway & Maclagan, 2004; Kolk & Pinkse, 2006; Sharma, 2000).

Misalignment between CSR practices and stakeholders' expectations often leads to problematic outcomes (Barnett & Salomon, 2012; Kolk & Pinkse, 2006; Lindenmeier, Schleer, & Pricl, 2012). We therefore define CSR failure of a firm's (mis)conduct that does not meet stakeholders' expectations because they deem it illegal, unethical or socially irresponsible (see Barnett, 2014, p.697). Socially irresponsible activities include "corporate actions that are widely regarded as damaging to corporate governance, employee relations, communities, public health, human rights, diversity, the environment" (Hoi, Wu, & Zhang, 2013, p.2026). CSR failure is the central object of interest in this paper and we propose that organisations seek to minimize it because of its potential adverse effects on, among other things, their reputation (Strike, Gao, & Bansal, 2006), stakeholder relationships, ability to attract talent (Bielak, Bonini, & Oppenheim, 2007), and market success (Frooman, 1997). We therefore contend that for most organisations minimization of CSR failure is a much more important objective than optimization of CSR outcomes.[1]

Of course, CSR failure is not just explained at the inter-organisational and institutional levels and past research has in fact examined CSR from a multi-level perspective, most prominently Aguilera, Rupp, Williams, and Ganapathi's (2007) multi-level theorizing of firms' motives for CSR engagement, but their work neither focused on CSR outcomes nor looked at inter-organisational settings. Table 3.1 contains an overview of the various levels at which CSR failure might be explained.

[1] We acknowledge that stakeholder CSR expectations and CSR practices do not exist independently from each other, but this is not the focus of the paper and is dealt with elsewhere (Bansal & Clelland, 2004; Lange & Washburn, 2012; Waddock et al., 2002). We also acknowledge that at a measurement level CSR failure may be decomposed into likelihood and impact of failure.

At the individual level, explanations range from the agency perspective, where CSR is driven by managerial opportunism and perquisites in that managers engage in CSR initiatives to further their private benefits, sometimes at the expense of shareholders and other stakeholders' interests (Ansolabehere, de Figueiredo, & Snyder, 2003; Petrenko et al., 2015), to the responsible leadership literature which argues that managers' good intentions and moral choices influence firms' CSR initiatives and thereby points to the positive effects of managerial attention. Doh and Quigley (2014, p.270) argue that leaders "who take an open and inclusive approach to understanding and incorporating the views of a diverse set of stakeholders into executive decision making may have a positive impact". This also alludes to the fact that decisions concerning CSR are often taken at a supra individual, yet sub organisational level, i.e. by groups of people.

At the organisational level, research on the antecedents of CSR perspectives has emphasized the importance of characteristics such as organisational size and capabilities in shaping CSR strategy (Aragón-Correa, Matías-Reche & Senise-Barrio, 2004; Udayasankar, 2008). Overall, evidence suggests that larger and better endowed firms invest more in CSR than smaller, resource poor firms (Mcwilliams & Siegel, 2001; Udayasankar, 2008). Formal adoption and implementation of CSR is shaped by the values – strategic and instrumental driven motives vs moral, ethical, and altruistic driven motives – espoused by the organisation (Agle, Mitchell, & Sonnenfeld, 1999; Christensen, Mackey, & Whetten, 2014), as well as the value it puts on pursuing CSR (Mcwilliams & Siegel, 2001; McWilliams, Siegel, & Wright, 2006). As a result, some firms become involved in CSR because of genuine concerns about social issues, while others are driven by economic gains, or simultaneous economic and social gains. At the supra-organisational level, industry is a key determinant of CSR because the nature of a firm's industry has a significant bearing on CSR activities (Maloni & Brown, 2006; Wanderley, Lucian, Farache, & De Sousa Filho, 2008). As noted, while we acknowledge these effects at other levels, they are not our central concern.

What Table 3.1 clarifies is that with outsourcing, with offshoring, and particularly with offshore outsourcing, additional challenges to align the expectations of the various stakeholders emerge. When firms outsource an activity, desired CSR outcomes need to be achieved within the IOR. When firms offshore an activity, desired

CSR outcomes need to be achieved across geographical borders. And when firms offshore outsource an activity, the central scenario in our paper, both challenges are in play simultaneously. However, the growing body of literature on outsourcing and offshoring has not really considered CSR challenges but instead focused on the choice of ownership and location choices, in a theory of the firm sense, and on the performance implications of different ownership and location choices (Contractor, Kumar, Kundu, & Pedersen, 2010; Lewin, Massini, & Peeters, 2009; Mudambi & Venzin, 2010).

Table 3.1. Levels of explanations for CSR failure under different governance modes (the central explanations applied in this paper are in bold).

<table>
<tr><td colspan="2" rowspan="2"></td><td colspan="2">Location</td></tr>
<tr><td>Domestic</td><td>Offshore</td></tr>
<tr><td rowspan="2">Ownership</td><td>Insourcing</td><td>Individual
Group
Firm
Industry</td><td>Individual
Group
Firm
Industry
Institutional Level</td></tr>
<tr><td>Outsourcing</td><td>Individual
Group
Firm
Industry
Inter-organisational Level</td><td>Individual
Group
Firm
Industry
Inter-organisational Level
Institutional Level</td></tr>
</table>

Consistent with the literature (Bertrand & Mol, 2013) we define outsourcing as the procurement of inputs by a buyer firm from an independent supplier firm and offshoring as the procurement of inputs from another country. Offshore outsourcing combines both, i.e. it refers to the procurement of inputs by a buyer firm from an independent supplier firm based in another country. Outsourcing and offshoring constitute separate, yet related decisions (Mudambi & Venzin, 2010), and are especially driven by profound institutional and technological change (Mol, 2007). Extant literature has attempted to explain under what conditions offshoring and outsourcing take place and has suggested various conditions at activity, firm, and industry levels (e.g. Lewin et al., 2009). Furthermore, scholars have studied the (performance) outcomes associated with different ownership and location choices, for instance in terms of product characteristics (Leiblein, Reuer, & Dalsace, 2002) and innovation outcomes (Bertrand & Mol, 2013). CSR has featured infrequently in this literature, but additional complications in managing CSR may be interpreted as one form of what have been called the 'hidden costs' of offshoring and outsourcing strategies (e.g. Larsen, Manning, & Pedersen, 2013).

3.3.1. Inter-organisational Relationships and CSR

There is a small but growing research stream on CSR in vertical inter-firm relationships. The adoption of CSR in supply chains, often labeled as upstream CSR, has a relatively short history of at most 30 years (Maloni & Brown, 2006), in conjunction with increasing stakeholder pressures arising partly from upstream CSR scandals in developing countries (Schrempf, 2012; Tan, 2009). An increasing number of European and US firms have established codes of conduct and enforced supplier compliance (Van Tulder & Kolk, 2001; Waddock et al., 2002). However, enforcing these codes in practice is challenging (Meyer, 2005), chiefly because stronger principles and sanctions do not necessarily lead to more compliance by suppliers (Kolk, 2003). The level of compliance may be dependent on IOR characteristics: the direction/ degree of dependence and the level of cooperation in the relationship.

Cooperation, especially based on trust, is considered to be one of the most vital factors in achieving performance improvement in IORs (Dyer & Singh, 1998; Li et al., 2010; Zhou & Xu, 2012). Trust can complement formal contracts and controls (Ertug et al., 2013; Fryxell et al., 2002; Luo, 2007). To be specific, trust discourages opportunistic behaviour of parties in a relationship and reduces transaction costs necessitated by monitoring (Gong, Shenkar, Luo, & Nyaw, 2007). In this sense nurturing trust-based cooperative relationships is a means to enhance CSR performance in inter-firm relationships in supply chains (Gold et al., 2010). The parties in a cooperative relationship are based in mutual dependence, and with the prospect of a long-term relationship, they jointly set goals and a supplier will make adjustments in their practices while a buyer will actively engage in providing necessary supports in order to address issues along the way (Hoejmose et al., 2013).

Yet, parties involved in a relationship may have different levels of dependence on the relationship, and resource dependence theory suggests an inverse relationship between dependence and power (Provan & Gassenheimer, 1994). When power is unevenly distributed in a relationship because of the disparity of dependence, the party holding more power is likely to exert it. When the more powerful party is a buyer, the higher level of compliance from its supplier is expected (Locke, Amengual, & Mangla, 2009). However, suppliers, especially those in developing economies, generally lack the motivation and incentives to conform because of limited pressure from their own/local stakeholders and the high costs associated with complying with a buyer's code of conduct (Ciliberti et al., 2011). Strong sanctions, such as the threat of relationship exit, may produce unintended counterproductive consequences by, for instance, inducing suppliers to deceive the buyer, by inter alia, concealing misconduct (Baden, Harwood, & Woodward, 2009; Egels-Zandén, 2014; Plambeck & Taylor, 2015). Moreover, if a buyer accounts for just a small proportion of supplier sales, it may lack the power to enforce implementation (Pedersen & Andersen, 2006). Below we build on these findings further to investigate the effects of inter-organisational differences in stakeholder pressures, inter-organisational cooperation and inter-organisational dependence.

3.3.2. Country Institutions and CSR

At the country level, differences in institutional contexts are crucial. Institutional factors, the stable "collections of rules and routines that define actions" (March & Olsen, 1989, p.160), are also important in determining the level and type of CSR activities (Campbell, 2007; Matten & Moon, 2008, p.407). Campbell (2007) posits that institutional contexts, in terms of both formal institutions and informal institutions such as culture, create socially accepted paradigms of CSR. That is, an institutional context characterized by strong advocacy for CSR, dominance of normative values supporting CSR, and a stringent regulatory framework can create the necessary incentives for strong CSR engagement. This explains why CSR has been treated as a "fringe issue" in institutionally weak contexts (Gill et al., 2008) and equally why most well-known examples of CSR failure involve developed country buyers and emerging or developing country suppliers.[2]

From an institutional perspective, firms engage in CSR to obtain external legitimacy. Hoffman (1999) shows that CSR practices develop through "institutional arrangements that govern industry and social actions" and are diffused through the interactions of firms in organisational fields. Matten and Moon (2008, p.409) advocate that depending on the institutional context, firms may choose implicit CSR where mandatory norms, values, and rules are expected, or explicit CSR where discretionary and voluntarily practices are enacted. Given the relatively stable path-dependent evolution of the national institutional factors that determine CSR, it becomes challenging to implement CSR when offshoring activities.

Firms that operate in multiple institutional contexts are exposed to a multitude of competing and conflicting institutional demands (Kostova, Roth, & Dacin, 2008; Kostova & Zaheer, 1999; Marano & Kostova, 2015). Brammer, Pavelin, and Porter (2006) highlight the complexity of undertaking CSR activities across institutional contexts because of differences in CSR expectations, which subsequently also lead to differences in countries' willingness and capacity to tolerate aspects of corporate social irresponsibility (Christmann & Taylor, 2001).

The basic premise of this body of literature is that for firms to gain external legitimacy abroad and avoid CSR failure they need to confront host country social issues and think beyond domestic institutional boundaries. Still, several studies (c.f. Aguilera-Caracuel, Aragón-Correa, & Hurtado-Torres, 2012) have noted that, partly under pressure from powerful home stakeholders, firms often transplant CSR practices within their internal network without paying due attention to local peculiarities. For example, firms may not pay attention to health and safety standards because they are covered by a stringent legal framework at home, even though host country laws are inexistent or not enforced (Dasgupta, Hettige, & Wheeler, 2000). Furthermore, transferring and implementing CSR practices across borders is arduous and costly

[2] We note that the framework we develop below applies equally to the reverse context – it is merely of lesser practical importance under such circumstances.

(Aguilera-Caracuel et al., 2012). Below we discuss how institutional differences affect CSR failure.

3.4. Explaining CSR Failure

Before proceeding to discuss factors that help predict CSR failure, it is important to clarify the *process* through which such organisational problems emerge and are managed. Following Sethi (1979), we suggest a straightforward three stage model consisting of 1) the pre-problem stage, when discrepancies between stakeholder CSR expectations and CSR practices arise, 2) the problem identification stage, when misalignment between CSR expectations and CSR practices is identified, and 3) the problem management stage, when actions are taken to alter CSR practices and/or to manage stakeholder CSR expectations. These phases occur in chronological/sequential order, i.e. problem management is only possible if a problem has been identified, and problem identification can only happen if the pre-problem stage leads to the emergence of problems, but after the initial start the process can become recursive; better problem management may for instance require that the problem be identified in more detail.

In the pre-problem stage there is some existing set of stakeholder expectations. There are also strategic cognitions through which firms make sense of and understand these stakeholder expectations. The organisation creates practices based on this cognition (Bundy et al., 2012) but cognitions are biased and this can be problematic. For instance, Pegatron may increase the number of working hours in response to increased demand from its buyer (Apple), but not realize that the new number is inconsistent with buyer stakeholder expectations. When this realization comes about problem identification starts. In our example Apple may realize that the supplier requests its employees to work more hours than is deemed acceptable. Any action taken to tackle this problem falls under the phase of problem management, the third stage. In this example a drastic solution would be for Apple to require Pegatron to lower its number of hours worked, or face the sanction of relationship termination.

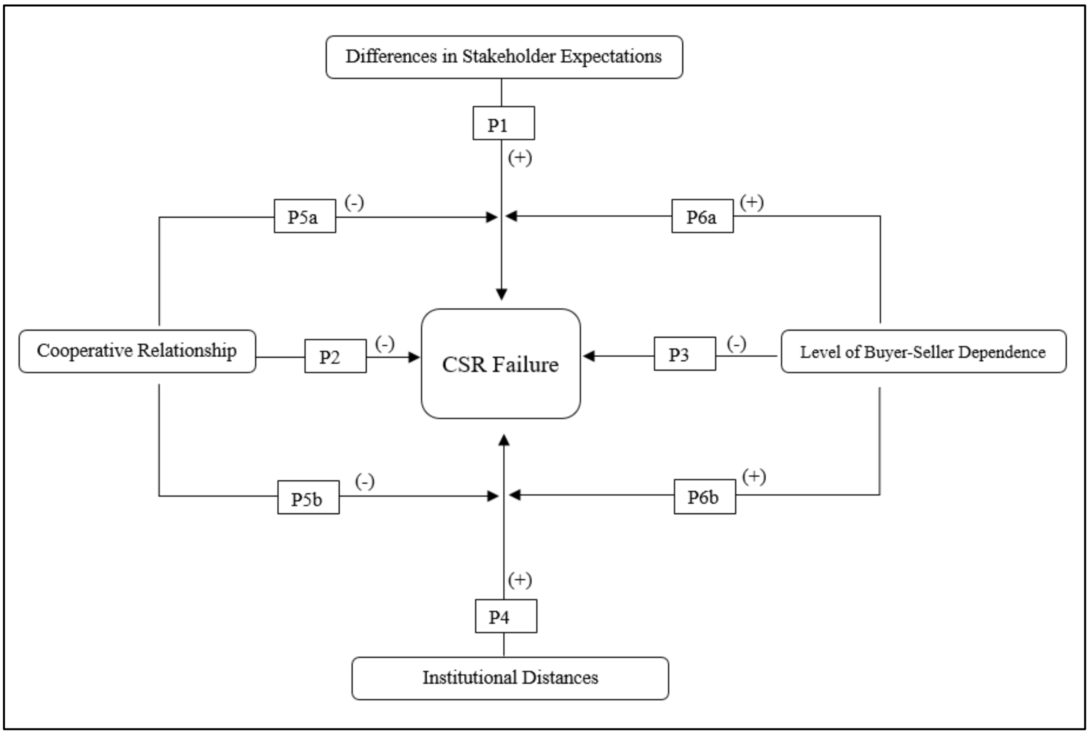
Table 3.2 introduces the underlying mechanisms and the predictions they provide about our research question which are developed in detail below, while Figure

3.1 contains a graphical portrayal of the propositions. We first consider predictions of direct effects, before exploring cross-level moderating effects.

Table 3.2. Levels used, key assumptions, implications and predictions.

	Inter-organisational level			**Country level**
Mechanism	Interfirm differences	Cooperative relationships	Inter-organisational dependence	Country institutions
Key assumptions	Both organisations seek to act in accordance with their respective stakeholder expectations	Cooperative relationships can produce mutual benefits	Organisations depend on other organisations for critical resources	Formal and informal institutions affect organisational practices
Key implications	CSR practices differ between the two organisation	Cooperative relationships likely to help with CSR problems	Dependence on other party affects willingness to act	Institutional distance leads to differing CSR practices
Direct predictions	Differences in stakeholder expectations increase CSR failure (P1)	Cooperative relationship decreases CSR failure (P2)	Extent of dependence on the other party by organisation facing lowest CSR expectations decreases CSR failure (P3)	Institutional distance increases CSR failure (P4)
Moderation predictions		Cooperative relationship negatively moderates relationship between inter-organisational differences (P5a) / institutional distance (P5b) and failure	Inter-organisational dependence positively moderates relationship between inter-organisational differences (P6a) / institutional distance (P6b) and failure	

Figure 3.1. An overview of the conceptual framework



3.4.1. Outsourcing Context: Inter-organisational Differences and Inter-organisational Relationships

Extending the analysis to the inter-organisational level brings in two new effects: organisational differences and governance. Buyer and supplier firms face different CSR expectations because their internal and external contexts vary. At the pre-problem stage, discrepancies in CSR practices between the firms are likely to exist since both firms individually seek to meet the demands of their respective stakeholders through their practices to minimize CSR failure. Such differences may be quantitative in nature, when expectations vary in stringency, or qualitative, when expectations focus on different CSR priority areas. On the basis of anecdotal evidence, and in view of the literature, we argue that cases where buyer CSR expectations exceed those of the supplier are more plentiful, but in principle the reverse is possible too.

Such incompatibility in CSR practices and expectations between the buyer and supplier is hard to identify because problem identification requires meticulous monitoring across organisational boundaries, which increases transaction costs (Williamson, 1985). For Apple the inability to keep track of actual supplier CSR practices is an important part of the problem. Even when problems are identified, managing the problems are also expected to be challenging since CSR orientations are typically path-dependent and cannot easily be altered (Yuan et al., 2011). In other words, gaps between the buyer and supplier are hard to overcome. Thus, we propose:

> *Proposition 1*: The larger the gap between buyer stakeholder CSR expectations and supplier stakeholder CSR expectations, the more CSR failure will be observed.

Furthermore, we suggest that there is a second set of effects that emerges in an outsourcing context that relates to the nature of the buyer-supplier relationship. As observed by Luhmann (1979), actors may cooperate because of alignment of incentives and/or trust. Alternatively they may be coerced into action by another actor when they are highly dependent on them because they fear the possible consequences (Luhmann, 1979). This suggests two alternative mechanisms that help to reduce CSR failure in an outsourcing context, inter-organisational cooperation and inter-organisational dependence.

The characteristics of cooperative relationships include among others mutual trust, information exchange, and joint goal setting (Dyer & Singh, 1998; Gulati, 1995). These characteristics offer a wealth of possibilities for reducing CSR failure in outsourcing. Through joint goal setting, parties are more likely to work towards CSR objectives that are agreeable to both stakeholder sets (Hoejmose et al., 2013), thus preventing failure in the pre-problem stage; Frenkel and Scott (2002) find such a premium for goal sharing between Adidas and its suppliers. Regular information exchange will help to identify problems at an early stage (Gulati & Sytch, 2007). Mutual trust increases the willingness of the buyer and supplier to manage new problems (Heide & Miner, 1992) and implies that stakeholders are more likely to find a chosen course of action agreeable. When a relationship is extended and reiterated based on an agreed will to enhance CSR performance, the actual practices may even develop in an innovative way instead of simply meeting codes of conduct (Frenkel & Scott, 2002).

Dependence works in a fundamentally different way from cooperation, although we argue that it too helps to reduce CSR failure. Dependence on the other party creates the fear that the latter may exit the relationship (Hirschmann, 1970; Pfeffer & Salancik, 1978). Such fear will increase urgency and effort to align CSR practices more closely with the other organisation's stakeholder CSR expectations. Again, empirically dependence of the supplier on the buyer is more prevalent than vice versa, although we acknowledge that there are an increasing number of cases where suppliers are equipped with higher leverage over buyers (Locke et al., 2009). Regular audits in buyer-supplier relationships are one means through which compliance is sought (Ciliberti et al., 2011). In the pre-problem stage strong dependence and the associated fear of relationship exit will lead to efforts to show compliance with CSR and other metrics in an audit. On top of the efforts made by the dependent supplier, in an outsourcing relationship, the buyer and supplier are already under the influence of the same national institutions, fewer critical problems are likely to emerge and be identified. In the problem management stage, fear of partner exit will again prompt the dependent organisation to pursue actions to improve existing and create new CSR practices. Thus we propose:

> *Proposition 2*: The more cooperative a buyer-supplier relationship is, the less CSR failure will be observed.

> *Proposition 3*: The more dependent the organisation facing the lowest CSR expectations is on the other organisation in a relationship, the less CSR failure will be observed.

3.4.2. Offshoring Context: Institutional Distance

Moving to the country level, the literature has discussed at length how national differences in institutions can produce problems with obtaining desired CSR outcomes (Marano & Kostova, 2015; Surroca, Tribó, & Zahra, 2013) and we therefore focus on institutional conditions that affect CSR (Campbell, 2007). Institutions may refer to informal institutions, such as national culture, and formal institutions, like property rights and labour laws. Given that the extent to which formal institutions are implemented effectively varies significantly, especially in emerging countries, we further note that the relevant measure is the *de facto*, not the *de jure*, institution.

Differences in institutional conditions can be measured by institutional distance, i.e. the degree of institutional (dis)similarity between two countries (Berry et al., 2010; Kostova & Zaheer, 1999). As with inter-firm CSR differences, institutional distance may refer to quantitative differences and in many instances (as with Apple), the host (offshore) country has weaker institutions than the home (onshore) country. Institutional arbitrage, i.e. the profiting from weaker host institutions, can be a driver behind offshoring decisions (Surroca et al., 2013). But there can also be qualitative differences in institutions in terms of their focus, e.g. the relative importance of the natural environment vis-à-vis labour standards.

Institutional distance therefore produces discrepancies between CSR expectations that are formed onshore and CSR practices that emerge offshore. In the pre-problem stage, institutional distance negatively affects the ability on the offshore side to fully understand onshore stakeholders' CSR expectations (Kostova & Zaheer, 1999). Problem identification is hampered under conditions of institutional distance because of varying definitions of what actually even constitutes a CSR problem (Surroca et al., 2013). Similarly, problem management is more complicated since it is unclear what rule set to apply when solving CSR problems. Even if the onshore firm decides to push through certain practices to manage the CSR problem, institutional distance is likely to limit the ability and motivation on the offshore side to assimilate those practices. As suggested by the institutional literature, the larger the distance the smaller the scope and rate of knowledge transfer (Marano & Kostova, 2016). We therefore suggest:

> *Proposition 4*: The larger the distance between institutions in the onshore country and the offshore country, the more CSR failure will be observed.

We now proceed to look at moderating effects. This raises a key question, namely, which of the variable sets is most suitable as the moderator, and by extension, which effect is being moderated? In principle, it is as plausible to imagine that institutional distance moderates the effect of IORs on CSR failure, as it is to imagine that IORs moderate the effect of institutional distance on CSR failure. Moreover, from an econometric point of view it is irrelevant which of the variable sets the moderator is. However, conceptually it is of course an extremely relevant decision. In our conceptual framework, we propose that institutional distance and inter-organisational differences are moderated by IORs in consideration of strategic decisions on offshore outsourcing in practice. In offshore outsourcing decisions in general, suppliers and countries are selected mainly for economic and performance related reasons (Bertrand & Mol, 2013; Javalgi et al., 2009; Maskell et al., 2007) often without the concerns about potential CSR issues. Hence, institutional distance and inter-organisational differences are given conditions to firms in managing CSR issues while dependence and cooperation are governance issues that can be strategically managed later on.

3.4.3. Offshore Outsourcing Context I: Cooperation and Inter-organisational and Institutional Differences

While inter-organisational differences in stakeholder CSR expectations increase the likelihood of CSR failure when offshore outsourcing, establishing and maintaining a cooperative buyer-supplier relationship may help to moderate the relationship between inter-organisational differences and CSR failure. Mutual trust, reciprocity, information exchange, and joint goal setting will be valuable tools during various stages and cooperative relationships are particularly useful when partner firms face complex tasks (Dyer & Singh, 1998), of which preventing CSR failure when stakeholder expectations differ greatly is surely an example. During the pre-problem stage, information exchange enables organisations to bridge gaps through creating an understanding of existing differences, and such effective and faster identification of inter-organisational differences reduces the magnitude of problems and decreases the likelihood of further escalation. Based on the mutual understandings of the differences, joint goal setting helps to bring CSR practices closer together during the pre-problem stage, helping to reduce failure. During the problem identification stage, more frequent and honest information exchange between buyer and supplier is beneficial as it enables early identification of issues before stakeholders identify them. When managing problems both mutual trust and reciprocity are required, particularly if the buyer and supplier firms want to overcome large gaps in CSR expectations. Apple, for instance, would value being able to rely on Pegatron to handle labour practices in accordance with Apple's stakeholder demands, while Pegatron would in return like to see Apple reward it with continued business when it has made an effort to do so.

Related arguments pertain to the relationship between institutional distance and CSR failure, which we suggest is also moderated by cooperative relationships. Due to the weak institutions that do not secure enforcement of and compliance with written agreements or codes of conduct, developing cooperative relationships is an effective way to prevent opportunistic behaviour among suppliers (Zhou & Xu, 2012). During the pre-problem stage in a cooperative relationship, information exchange between partners will help to generate insights into what *de facto* institutional differences exist between the onshore and offshore countries. The joint setting of goals will also elucidate any such differences. Continuous information exchange will help during problem identification because the onshore and offshore managers share some of the institutional conditions they operate under, and particularly explain the effects these conditions have on CSR practices. In the problem management stage mutual trust and reciprocity serve to support efforts to work with and around institutional differences by increasing belief that the onshore and offshore partners can handle these differences and the creation of incentives to do so. Thus, we propose:

> *Proposition 5a*: A cooperative buyer-supplier relationship negatively moderates the relationship between the buyer-supplier stakeholder expectations gap and CSR failure.

> *Proposition 5b*: A cooperative buyer-supplier relationship negatively moderates the relationship between institutional distance and CSR failure.

3.4.4. Offshore Outsourcing Context II: Inter-organisational Dependence and Inter-organisational and Institutional Differences

We also propose that inter-organisational dependence moderates the effect of inter-organisational differences on CSR failure, but here the direction of the moderation is the opposite, especially where the dependent party is the supplier, who is expected to enact the CSR practices. We suggest that when inter-organisational differences are particularly stark as can be frequently observed in offshore outsourcing relationships, the more dependent the supplier is on the offshore outsourcing relationship, it will become more likely to engage in window dressing (Egels-Zandén, 2014) because the benefits of doing so increase, while the costs (exit or milder sanctions) are still broadly the same. In the pre-problem stage requisite practices are therefore less likely to have been put into place. Furthermore in the problem identification stage stakeholders are more likely to scrutinize relationships where the stakeholder CSR gap with the other organisation is greater (Robertson, Lamin, & Livanis, 2010) while the effort of holding information back hinders the buyer from locating and managing the issues beforehand. CSR failure is therefore a more likely result in this instance.

Moreover, we argue that this same mechanism also applies to differences in national institutions. With institutional distance, the higher dependence is likely to lead to more window dressing as the costs of compliance increase, the benefits of window dressing increase, and close monitoring is less viable due to physical distance. In detail, offshore CSR practices will differ more from onshore CSR expectations such that it requires more costs and efforts to take CSR practices up to the desired level. For a supplier that is relatively less dependent on the relationships will rather find an alternative buyer that requires less stringent rules and codes (Locke et al., 2009) while a dependent supplier will be desperate and tempted to find a less expensive way to maintain the relationship. And developing mechanisms to deceive becomes rather cheaper (Egels-Zandén, 2014; Jiang, 2009). The dependence mechanism that decreases CSR failure in a simpler context of outsourcing ceases to be fully effective under these circumstances. In the pre-problem stage, there exist issues and potential problems mainly due to institutional distance and lack of compliance. In the problem identification stage, the issues and latent problems are hidden intentionally from buyer's monitoring and scrutiny, and which takes away the chance to manage problems in due course and increases the likelihood of further escalation of the problems. In addition, it gives more motives for the supplier to hide further information and fewer motives to improve practices (Egels-Zandén, 2014). We would suggest these two effects might hold the real clue for explaining Apple's continuing CSR struggles. Thus, we propose:

> *Proposition 6a*: Dependence by the organisation facing the lowest CSR expectations on the other organisation in a relationship positively moderates the relationship between the buyer-supplier stakeholder expectations gap and CSR failure.

Proposition 6b: Dependence by the organisation facing the lowest CSR expectations on the other organisation in a relationship positively moderates the relationship between institutional distance and CSR failure.

3.5. Discussion

We have investigated what explains CSR failure under different ownership and location arrangements, offshore outsourcing being the most complex of these. We proposed a framework that suggests multiple factors influence CSR failure: inter-organisational differences in stakeholder CSR expectations, buyer-supplier cooperation, and inter-organisational dependence matter only when outsourcing; national institutional distance matters only when offshoring; and by extension under offshore outsourcing both come into play. We argue these factors cannot be considered in isolation because of important cross-level effects. We specifically proposed that cooperative buyer-supplier relationships and inter-organisational dependence moderate the negative effects of the stakeholder CSR expectations gap and of institutional distance on CSR failure.

As with any theoretical framework, ours is bounded in a number of ways. We deliberately focused only on inter-organisational and institutional aspects, ignoring other levels. For instance, is any kind of managerial attention, such as focused attention and sustained attention, equally valuable or do different types of attention pay off more than others? Are formal or informal institutional differences equally relevant to understanding CSR failure? How do institutional differences *within* countries matter? We encourage future work to take up such questions.

We have also placed outside the scope of the paper the nature of the relationship between CSR expectations and CSR practices. Over time expectations and practices mutually affect each other (Bansal & Clelland, 2004; Waddock et al., 2002). A previous failure may lead stakeholders to have lower expectations of CSR practices, but it could equally harden stakeholder views and put organisations under more scrutiny, as has been the case for Apple. Cooperative relationships, the active driver of positive change in our model, will be informed by prior history.

Moreover, our paper places much emphasis on the additional complications that arise when operating under outsourcing, offshoring or offshore outsourcing. But stakeholder CSR expectations could be lowered for those more complicated contexts, i.e. if Apple was to produce its iPhones internally in the United States expectations on CSR practices could be even higher. If this is the case, then whether there is more CSR failure under more complicated governance modes is very much an empirical question, which theory of the firm scholars could tackle conjointly with those interested in CSR.

On a final note, we remain agnostic about the reasons why organisations fail at any one stage. Nevertheless, it matters to stakeholder perceptions whether a problem emerges due to cognitive or other limitations or because decision-makers deliberately decide to ignore it. In other words, our current model is naïve about the intentions of actors. We see this intentionality as another area for future conceptual and empirical work.

3.6. Contributions and Implications

We believe that the current paper produces important insights for multiple literatures. The CSR literature, rich as it is on discussion on the antecedents, nature of CSR and its performance impact, has hitherto not considered CSR outcomes under different ownership and location choices. Our focus on offshoring and outsourcing highlights that a simple organisational level model, even one that additionally includes the role of individual managers (McWilliams et al., 2006), does not sufficiently explain what shapes CSR outcomes in an age of modular and global supply chains.

Further novelty emerges from the emphasis we place on failure in CSR, rather than CSR performance more broadly. We formally defined CSR failure as a firm conduct that does not meet stakeholders' expectations. In our view, existing literature places too much emphasis on discussing how firms try to optimize their CSR performance, when most are satisfied with merely preventing CSR failure. Notwithstanding this observation, the framework proposed here may offer some explanatory value for CSR performance as an outcome variable.

From an offshoring and outsourcing perspective, we add to the literature by looking at a very different kind of outcome from customary financial, activity level or innovation outcomes. This helps to better understand the trade-offs firms face when undertaking offshore outsourcing: offshore outsourcing may improve costs (Javalgi et al., 2009) and perhaps even innovation levels for the buyer firm (Bertrand & Mol, 2013), but it also poses complications with CSR. These should be interpreted as one form of hidden costs of outsourcing and offshoring (Larsen et al., 2013). Furthermore the focus of our work shifts attention away from what happens during initial offshoring and outsourcing decisions towards the dynamics of ongoing offshoring and outsourcing relationships, in line with calls for a greater focus on the nature and impact of organisational processes in the offshoring and outsourcing literature (Bidwell, 2012; Jensen, 2012).

Finally, our work serves to illustrate the important interactions between country level institutions and inter-organisational relations. Relations with foreign subsidiaries indeed affect CSR and legitimacy (e.g. Kostova & Zaheer, 1999), but we propose there is now a need to increase understanding of these issues across organisational boundaries. Given that our framework is relatively complex, we hope it can serve as an exemplar of theorizing efforts and empirical testing on this intersection between countries and inter-organisational relations.

Although the nature of the phenomenon and our framework may complicate efforts to test all propositions forwarded here we believe there are several empirical research designs that could produce fruitful insights. One way to test formally the propositions would be through undertaking a large-scale data collection effort in a single industry where all ownership and location choices are present, for instance the garments industry. Any effort to look at CSR failure empirically will have to account for the fact that some minimal gap between CSR expectations and practices will be acceptable, i.e. such studies will have to apply a threshold level for determining when gaps become failures. A cross-firm survey could be one way to measure CSR failure but there are also existing measures of ‘CSR success’ (e.g. Marano & Kostova, 2015). An alternative CSR failure measure could be found in (social) media mentions with negative CSR connotations. Firm level stakeholder expectations can be measured through survey methods (Fombrun, Gardberg, & Sever, 1999) or by constructing proxies (based on firm size, visibility and so on). Inter-organisational dependence and cooperation measures can only properly be obtained through survey measures, interviews or participant observation. By contrast measures of institutional distance are widely available from secondary sources (e.g., Berry et al., 2010). A case study of a single firm which undertakes concurrent sourcing (Parmigiani, 2007), i.e. it makes and buys the same product, as well as using both onshore and offshore sourcing, could offer unique insights into how such a firm approaches CSR practices differently, depending on the ownership and location choices, and how this then translates into CSR failure. Such cases may be relatively rare, but less so if the constraint about all modes occurring simultaneously is relaxed. Furthermore, those additional cases, of firms that have switched choices over time, offer interesting natural experiments in their own right.

From a practitioner point of view, although this is a paper about CSR failure, our message is mostly an optimistic one. We started by arguing that most organisations get CSR right most of the time. Furthermore, our paper sketched a number of mechanisms that organisations avail of to try and minimize CSR failure. In particular, they can choose to develop cooperative relationships with suppliers, which helps to lessen the negative effects of inter-organisational and cross-national differences on CSR failure.

Under outsourcing firms can also decide to engage in lopsided relationships, where the other party is highly dependent on the firm, or increase dependency in existing relationships. But as we noted this is a double-edged sword; while dependence may make the other firm run harder to try and comply, it also increases the odds that the other party will engage in window dressing rather than actually complying when inter-organisational or institutional differences are large that compliance becomes too costly. Managing this trade-off well is one of the hardest challenges in CSR. We suggest that firms must restrain themselves from exploiting the dependence other firms have on them.

3.7. Conclusions

In this paper, we studied what determines failures in CSR, looking particularly at IORs and institutional distance. This is a topic of increasing practical importance, given the struggles of firms such as Apple to meet stakeholder CSR expectations, and one that requires us to develop more sophisticated academic theories of how these organisations approach this issue. We hope the present paper presents some steps in this direction.

Chapter 4 PAPER 2

STAYING ON THE RIGHT SIDE OF THE LINE: WHAT DETERMINES MEDIA REPORTING OF OFFSHORE OUTSOURCING RELATED CORPORATE SOCIAL IRRESPONSIBILITY

Abstract

Amid heightened concern over corporate scandals, we investigate what leads to firms being reported by the media for corporate social irresponsibility in their offshore outsourcing operations, drawing insights from the attention-based view. We extend the attention-based view by distinguishing between breadth (multiple types) and depth (extent) of attention, and propose that while depth of organisational attention allocated to corporate social responsibility issues in offshore outsourcing has a negative effect on media reporting, breadth actually has a positive effect. Furthermore, these effects are strengthened when firms are highly visible or have a history of prior media attention. The findings broadly support this proposed framework although the findings from our interaction terms suggest that both depth and breadth of attention can effectively buffer later media reporting for firms with prior media reporting. The antagonistic interaction between broad attention and prior media reporting implies that more broad attention can be beneficial to the firms with prior media reporting whereas it has a detrimental effect on firms without previous reputational crisis.

Keywords: CSiR, CSR, offshoring, outsourcing, attention-based view

4.1. Introduction

In today's world of short but intense cycles of (social) media reporting, there is an ever-increasing chance firms will be singled out for (purported) wrongdoing. This was evident when the Rana Plaza factory collapsed in Bangladesh, leading to the death of more than 1,100 garment workers (Reinecke & Donaghey, 2015), or when there was a series of suicides by workers at Apple's supplier Foxconn in China (Xu & Li, 2013). Such media reporting then typically results in stakeholders, including shareholders, querying top management about these cases. This implies that managers are under significant pressure to pay attention in order to avoid incidences of corporate social irresponsibility (CSiR).

In parallel a significant body of literature has developed on the topic of corporate social responsibility (CSR) in general (Aguilera, Rupp, Williams, & Ganapathi, 2007; Carroll, 1999; Mcwilliams & Siegel, 2001; Wartick & Cochran, 1985; Wood, 1991), and CSiR in particular (Lange & Washburn, 2012; Surroca et al., 2013). We know, for instance, that CSR practices are affected by institutions and stakeholders (Campbell, 2007; Matten & Moon, 2008; Wood & Jones, 1995), but also determined by firms' internal resources and motivations (Amaeshi et al., 2016; Swanson, 2008).

What is less clearly understood is the mechanism through which these internal and external factors are interpreted and turned into performance outcomes. The attention-based view (ABV) has been used in strategic management for its power to explain firm decision makings, strategic moves and performance outcomes in consideration of internal drivers and external stimuli (e.g. Helfat & Peteraf, 2015; Surroca, Prior, & Tribo, 2016; Yadav, Prabhu, & Chandy, 2007), but its application has not yet been used for understanding CSR related decisions and outcomes, except for few exceptions (e.g. Durand & Jacqueminet, 2015). Therefore, the attention-based view (Ocasio, 1997) provides a theoretical framework for linking antecedents and CSR outcomes through the attention organisations give to CSR failure.

CSR in offshore outsourcing provides a good context to test and expand the ABV, considering the complicated nature of the issue itself. Firms engaged in offshore outsourcing have to simultaneously deal with institutional distance to and organisational differences from overseas outside suppliers. At the same time offshore outsourcing, and particularly CSR outcomes from offshore outsourcing, form only a small part of the overall agenda of top management teams, and it is therefore easy for those teams to pay less attention to the issue than is required. Yet media attention is one of the strongest external stimuli for activating organisational attention (Hoffman & Ocasio, 2001; Ocasio, 2011). Thus, we aim to explicate whether and how attention can be used to overcome potentially damaging media attention towards CSiR.

CSiR exposure can harm a firm's reputation immediately, severely, and potentially permanently (Coombs, 2004; Vanhamme & Grobben, 2009). The media are capable of affecting judgments and perceptions of stakeholders (Zyglidopoulos et al., 2012) and provoking retaliatory/punitive actions, such as boycotts (Alexander, 2015; Braunsberger & Buckler, 2011; Grappi, Romani, & Bagozzi, 2013). Empirical evidence shows significantly negative stock market reactions to firms with publicized CSiR in offshore outsourcing operations (Rock, 2003). As such, it seems that negative media reporting is something companies seek to avoid. Yet, a question remains as to, why it is that some companies seem to attract far more media reporting than others. We observe that thus far the academic literature on this topic has insufficiently tackled the factors driving heightened media reporting on CSiR, nor has it studied firms' efforts to avoid or minimize such reporting.

In response to this lacuna, the central research question of our paper is *what determines the level of media reporting on perceived corporate social irresponsibility originating from offshore outsourcing?* In answering this question, our study looks into the effects of depth and breadth of organisational attention, as well as their interaction with a) the visibility of a firm, i.e. the general level of attention a firm attracts in the media, and b) prior media reporting on CSiR related to offshore outsourcing, i.e. whether the firm has a history of being looked at by the media.

To underpin conceptually this investigation, we draw our mechanisms from the ABV of the firm. We then test these hypotheses using a very large database of media articles. Results suggest that broad (unfocused) organisational attention is positively associated with media reporting on CSiR, while deep (dedicated) organisational attention to CSR issues is negatively associated with media reports on CSiR. Finally, both depth and breadth of organisational attention and prior media reporting show negative interaction effects with media reporting on CSiR from offshore outsourcing. That is, the positive relation between prior media reporting and later media reporting is negatively moderated by the depth and breadth of attention.

This study makes numerous contributions to the literature. Firstly, we believe that we are the first to argue that attention does not just come in one ‘quantity’, but can and should be measured in terms of its breadth (how many categories of attention) and depth (how much attention). Furthermore, we show that effects of depth and breadth may differ. Second, we extend the ABV to a context where it has not been applied much, even though it would intuitively appear to be natural terrain for a theory that places managerial efforts at the heart of the analysis. Although the CSR literature has already discussed many external and internal factors that determine CSR strategies and performance outcomes, attention is a novel mechanism in this literature.

4.2. Background

The behavioural theory of the firm (Cyert & March, 1963), particularly the branch on attention initiated by Ocasio (1997, 2011), suggests that organisations face a very wide range of issues (Cohen, March, & Olsen, 1972) from which they must select only some to attend to because managerial attention is a scarce resource, perhaps the scarcest resource, of a firm. Ocasio (1997) refers to these competing issues as different foci of attention. Among competing agenda, some are selected to be attended to considering both internal and external conditions (Ocasio, 1997; Ocasio & Joseph, 2005).

The internal conditions refer to available firm resources, distribution processes and decision making channels that include communications between top management and relevant managers at a lower level (Ocasio & Joseph, 2005; Ocasio, 1997). When attentional priorities of an organisation are usually set by top management, department-specific issues may travel from the bottom to the top (Barnett, 2008). Applying this to CSR, it should be noted that CSR is not necessarily on the top management agenda in many organisations (Doh, Lawton, Rajwani, & Paroutis, 2014).

On the other hand, externalities are mostly the pressures and expectations from institutions and stakeholders (Carroll, 1979). And one of the most powerful external stimuli is what the media are interested in and highlight (Hoffman & Ocasio, 2001;

Ocasio, 2011). An increasing media attention to a certain issue increases public attention, and which in turn brings the issue to the attention of managers (Hoffman & Ocasio, 2001). CSiR in offshore outsourcing is potentially one such focus of attention. From Nike's sweatshops to Rana Plaza factory collapse in Bangladesh, the media have persistently chased CSiR in offshore outsourcing operations. Accordingly, the issue cannot be easily neglected by the organisations that are immediately involved in such events and as a consequence experienced media and public attention (Cyert & March, 1963; Ocasio & Joseph, 2005). Firms that are not directly related but operating in the same industry are also likely to become attentive to the issue (Nadkarni & Barr, 2008).

We maintain that it is possible to distinguish between the *breadth* and *depth* of attention. In the management literature such a distinction between depth and breadth is very common in areas including knowledge and innovation (Leiponen & Helfat, 2010) and internationalization (Kafouros, Buckley, & Clegg, 2012), and resource orchestration within firms (Sirmon, Hitt, Ireland, & Gilbert, 2011). Similar to these papers (e.g. Sirmon et al., 2011) we define breadth as the *number of domains* across which attention gets spread, while depth is defined as the *amount of attention* within a given domain.

This is entirely consistent with the original conception of the ABV, particularly the notion of a structural distribution of attention, i.e. (Ocasio, 1997, p.191) "how the organisation distributes and controls the allocation of issues, answers, and decision-makers within specific firm activities, communications, and procedures. According to this principle, attentional processes of individual and group decision-makers are distributed throughout the multiple functions that take place in organisations, with different foci of attention in each local procedure, communication, or activity. Each local activity within the firm involves a set of procedures and communications, and these procedures and communications focus the attention of decision-makers on a selected set of issues and answers".

Linking this to the context this paper, CSR demands on organisations are typically expressed across multiple domains and responding firm activities are undertaken across those domains. It is broadly understood that the most important of these domains are the environment, social, labour, human rights (Hoejmose & Adrien-

Kirby, 2012; Waddock et al., 2002). Furthermore, it is widely recognized that avoiding CSiR is particularly challenging in offshore outsourcing.

Offshore outsourcing we understand as a contract-based relationship between a buyer and an outside supplier located in another country (Bertrand & Mol, 2013; Contractor et al., 2010). Therefore some national institutional distance between the two firms exists, which can complicate matters when it comes to CSR (Doh, 2005; Midttun et al., 2007). CSR expectations vary depending on such institutions (Matten & Moon, 2008). Given that a significant driver of both offshoring (Lewin et al., 2009) and outsourcing (Kotabe, Mol, & Murray, 2008) is the desire to lower costs, buyer firms often seek out suppliers in emerging and developing countries where CSR expectations are lower, leading to misalignment in CSR practices. Practices that do not meet stakeholders expectation are considered to be irresponsible (Strike et al., 2006). Moreover, stakeholders typically do not differentiate the locus of responsibility within a supply chain, and attribute blame to the buyer (Large & Thomsen, 2011).

Additional challenges emerge from differing relationship characteristics. Buyer firms have limited control over the supplier's practices, and there is information asymmetry (Ciliberti et al., 2011). Buyer firms may establish codes of conduct, execute periodic monitoring, and apply sanctions (Kolk & Van Tulder, 2002; Pedersen, 2006), yet such practices have only limited effectiveness. Therefore, firms in this context need to pay close attention to CSR practices in order to avoid instances of CSiR. Again, increases in attention can come from branching out into further domains (breadth), or from more focused attention (depth). In general for firms to better manage CSR, attention needs to come from top management and be synchronized with other priorities (Doh et al., 2014). This by definition implies that limited resources will be allocated to CSR.

Stakeholders acquire information on CSiR in offshore outsourcing relationships mainly from the media or NGO reports (Kendall, Gill, & Cheney, 2007). Particularly when the event occurs in far-flung locations, stakeholders will usually not have the insights to re-interpret the information as framed by the media (Mena et al., 2016). As such the media play a significant role in forming stakeholders' evaluations, opinions, and responses toward a firm (Deephouse & Carter, 2005; Mena et al., 2015).

By extension, the media can itself also be labelled as a stakeholder within the widely accepted definition of stakeholders as those who influence or are influenced by a firm (Freeman, 1984). Donaldson and Preston (1995) develop this concept further by categorizing stakeholders into "influencers" and "stakeholders" (p.86). While some constituents (e.g. investors) can be both, the media are categorized as influencers The media might have a weak direct influence on the firm, but the impact can be magnified through the media's impact on other stakeholders (Zavyalova, Pfarrer, Reger, & Shapiro, 2012). In this sense, the media are an "indicator of legitimacy" as they disseminate information and make it available through diverse platforms anytime, anywhere. Simultaneously, media outlets are also "sources of legitimation", as they can frame facts using their own views and filters, to eventually influence stakeholders' perceptions (Deephouse & Suchman, 2008, p.56). In practice, the media only covers stories that are newsworthy, i.e. those stories that have demands and potential to attract readers (Grafström & Windell, 2011).

4.3. Theoretical Development and Hypotheses

In developing our theory, we have two baseline expectations. The first of these is that highly visible firms are more likely to face media reporting on CSiR related to offshore outsourcing. The second is that media reporting in the previous year leads firms to be more likely to face media reporting on CSiR related to offshore outsourcing.

Highly visible firms are more likely to face media reporting because larger and more visible firms have to deal with more pressing stakeholders (Kostova & Zaheer, 1999). Pressures are particularly high for those firms doing well, owning strong resources and capabilities, operating in high impact industries, and thinking of themselves as exemplary socially responsible citizens (Barnett, 2014; Chiu & Sharfman, 2011). In a typical offshore outsourcing relationship a focal firm is in a developed country, while its supplier is based in a less developed country, and buyer firms are larger and more visible to stakeholders than suppliers, which means they face higher expectations and scrutiny (Stephen Brammer & Pavelin, 2004; Thorne, Mahoney, & Manetti, 2014; Zyglidopoulos, Georgiadis, Carroll, & Siegel, 2012). Buyers also typically operate in consumer-facing markets, while suppliers are in business-to-business markets.

Previous media reporting leads firms to be more likely to face media reporting because stakeholders tend to respond more actively to negative events than positive ones (Lange & Washburn, 2012) and hardly update their beliefs, especially from the negative to the positive (Barnett, 2007). This explains why firms with a past of negative events remain subject to more scrutiny and additional negative coverage (Chiu & Sharfman, 2011). This argument also extends across borders; a buyer firm with CSiR exposure is likely to face increased scrutiny across its entire supply chain, increasing the odds of another CSiR accusation.

Such repetition reduces the tolerance of stakeholders (Ashforth & Gibbs, 1990), which leads to a greater level of blame and punishment (Harvey, Madison, Martinko, Crook, & Crook, 2014). By contrast stakeholders are less critical toward a firm that has maintained a positive CSR reputation, since they consider the event to be an irregularity (Coombs & Holladay, 2001). As such, a firm's past plays an important role when stakeholders make sense of new negative information about the firm (Barnett, 2007; Bundy & Pfarrer, 2015).

Beyond these baseline expectations, we develop hypotheses drawing upon the ABV, arguing for both a direct effect of *depth* and *breadth* of attention on *media reporting* on CSiR from offshore outsourcing, as well as moderating effects on the two baseline expectations just stated.

4.3.1. Attention and Media Reporting on CSiR from Offshore Outsourcing

Once CSR captures attention by external stimuli, e.g. the media, and through internal structures, e.g. distribution processes and decision making channels, it is included in a set of corporate strategies and eventually reflected in firm moves and behavior as firms put their resources including time, energy and efforts into the matter (Ocasio, 1997). More resources are allocated (Surroca et al., 2016) and response times to any relevant issue become shorter (Nadkarni & Barr, 2008). As a result, firms deeply engaged in CSR issues in offshore outsourcing relationships will identify potential issues early on, come up with policies to address issues and shun media exposure.

Thus, we argue that the most potent force in reducing CSR failure from offshore outsourcing is the amount of attention given to CSR by firms. Larger firms often have specialized CSR or ethical supply managers at a higher level and these specialists focus most or all of their attention on CSR (Doh et al., 2014; Ocasio, 1997). As attention is typically followed by actual corresponding practices (Ocasio, 1997), firms with managers whose focus is on CSR are likely to make efforts to improve CSR performance or at least to endeavour to find ways to effectively avoid negative media reporting on CSiR in offshore outsourcing operations. We argue that the more attention is given to CSR issues, the higher the vigilance and scrutiny, which subsequently leads not only to improved performance (Surroca et al., 2016; Yadav et al., 2007), but also to quicker provision of responses and solutions to problems (Nadkarni & Barr, 2008). In short, organisational attention reduces the likelihood and the intensity of media reporting on CSiR. Thus:

> *Hypothesis 1a*: The depth of attention for CSR is negatively associated with media reporting on corporate social irresponsibility related to offshore outsourcing.

The level of attentional focus is also determined by the number of agendas being attended to simultaneously. The key premise of ABV is that attention is a limited resource (Cyert & March, 1963; Ocasio, 1997), and therefore not all issues can be attended to equally (Hoffman & Ocasio, 2001). As Skinner's (1974) concept of 'the focused factory' suggests, firms dedicating their attention to a limited number of agendas experience better performance outcomes than those whose attention is spread over a wide range of issues (Huckman & Zinner, 2008). The improved performance outcomes are achieved mainly through increased effectiveness and accumulated experience in dealing with a small particular set of activities repeatedly and intensely (Huckman & Zinner, 2008; Skinner, 1974).

As there are numerous elements to CSR, managers have to decide whether to distribute their attention to all different aspects of CSR issues in the supply chain, or to engage in those that are most relevant. According to the UN global compact and GRI, there are four key aspects that require attention: environment, labour practices, human rights, and wider society. In detail, occupational health and safety, training and education are included in labour practices, and child/forced labour, freedom of association and discrimination pertain to human rights issues. Environmental aspect entails energy and water uses, emissions, materials while society covers corruption, local communities, and anti-competitive behaviours (Global Reporting Initiative, 2014). As such, the four main aspects in fact include several more detailed concerns.

While some companies experience more issues around the environment (e.g. firms in food and chemical industries), others face more challenges related to human rights issues (e.g. firms in garment industry). Therefore, firms can choose to focus their attention on certain issues that are more relevant to their specific supply chain circumstances, to then likely to be rewarded with better outcomes. Distracted and unfocused attention distributed to a broad set of activities will reduce effectiveness and efficiency and deteriorate performance outcomes (Skinner, 1974). We acknowledge that there are firms that face multiple issues in relation to these four aspects. In such cases, firms may inevitably pay attention to diverse CSR issues in their supply chains, and which again may cause reduced performance outcomes overall due to the fact that all issues cannot be equally attended to and resources cannot be evenly allocated. Thus, we propose:

> *Hypothesis 1b*: The breadth of attention for CSR is positively associated with media reporting on corporate social irresponsibility related to offshore outsourcing.

4.3.2. Attention and Visibility

Nonetheless, when a visible firm pays in-depth attention to CSR issues in offshore outsourcing relationships, the firm can expect reduced media reporting for the following reasons. First, a high degree of attention means more resource allocation and subsequent performance improvement (Surroca et al., 2016). That is, the actual practices will be ameliorated. Thus, even with high scrutiny stakeholders hardly detect any CSiR in the firm's offshore outsourcing relationships. Second, with an increasing level of scrutiny, the earnest efforts and commitments become more visible to stakeholders, and communication through positive media reporting or public announcement and campaigns is easier and cheaper for visible firms compared to the less visible counterparts. And such exposure is expected to enhance the firm's reputation, legitimacy and the level of social approval (Deegan, 2002). Hence, we expect that the positive influence of visibility on media reporting will be reduced when in-depth attention is present.

On the contrary, it is expected that the positive association between visibility and media coverage is strengthened in the presence of broad attention. The first reason is consistent with the main hypothesis, broadly distributed attention is less likely to lead to actual practice improvement for limited resources and capabilities of the firm (Skinner, 1974). Hence, it is more likely that there are more issues to be discovered by an increased number of aspects to attend to. Second, the broad and distracted attention of a highly visible firm could also be acknowledged by stakeholders that the firm is engaging in and handling diverse issues well. Simultaneously, however, when the firm claims they are doing well in multiple CSR aspects, stakeholders may become sceptical and view the firm with greater suspicion (Arvidsson, 2010; Loughran, McDonald, & Yun, 2009). And this increased scepticism may lead to more detection of CSiR and more intense criticism. Thus, we suggest:

> *Hypothesis 2a*: The depth of attention negatively moderates the positive relation between visibility and the likelihood of media reporting on corporate social irresponsibility related to offshore outsourcing.

> *Hypothesis 2b*: The breadth of attention positively moderates the positive relation between visibility and the likelihood of media reporting on corporate social irresponsibility related to offshore outsourcing.

4.3.3. Attention and Prior Media Reporting

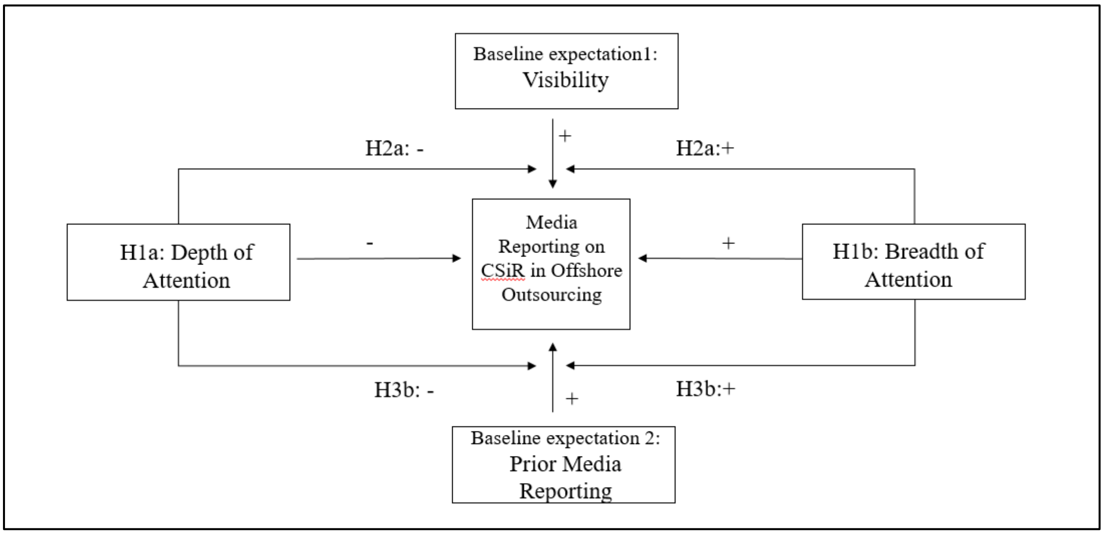
Attention can moderate the relationship between prior media reporting and later media reporting. We expect that the presence of in-depth attention can weaken the positive relationship between prior media reporting and later media reporting, through the following mechanism. Firstly, in-depth attention to CSR in offshore outsourcing means the issue is already one of the prioritised agendas in a firm (Doh et al., 2014), and therefore, there will lead to more precise and quicker amendments to practices (Ocasio, 1997). Secondly, a firm with experience of having been exposed to the media for CSR issues in offshore outsourcing relationships may have dedicated more of its attention to the particular problem to prevent any further issues and media coverage on the issues. It is expected that the firm’s effort is more effective, since the focus that needs attention is clearer (Skinner, 1974), and they are more motivated than before due to intense external stimuli (Desai, 2011; Hoffman & Ocasio, 2001). In detail, with the heightened levels of motivation and focus, the firm can identify root causes, address the issues, and improve practices. Thirdly, the firm's active engagement might help stakeholders forget about what happened earlier (Mena et al., 2016). Although it might be forgotten after a long period of time, or be countervailed by unintended events, instrumental work of managers and firms such as active communication with stakeholders can help stakeholders forget the negative memory and make things smoother for building up legitimacy again and increasing the level of social approval (Mena et al., 2016).

On the other hand, we expect that broad attention intensifies the negative association between prior media reporting and later media reporting, firstly because a firm with broad attention may not be able to deal with a problem effectively and may fail to identify and address root causes because of lack of resources being allocated to the particular issue. Secondly, not only can the firm not focus attention on the right issue, but, it is also likely to waste efforts on less critical issues. Lastly, in the eyes of stakeholders, a firm attending to broad aspects even after a particular issue is discovered will be considered to be attempting to distract stakeholders' attention or simply engaging in formality (Zavyalova et al., 2012). Thus, we propose:

> *Hypothesis 3a:* The depth of attention negatively moderates the positive relationship between prior media and the likelihood of media reporting on corporate social irresponsibility related to offshore outsourcing.
>
> *Hypothesis 3b:* The breadth of attention positively moderates the positive relationship between prior media coverage and the likelihood of media coverage on corporate social irresponsibility related to offshore outsourcing.

Figure 4.1 is a graphical representation of the hypotheses.

Figure 4.1. Hypotheses



4.4. Research Design

4.4.1. Sample

We selected a sample of the largest 120 product-based MNEs from industries known to be engaging in offshore outsourcing from the Forbes Global 2000 list for the period from 2000 to 2014. Purposeful sampling is appropriate given our research question (Appendix 4.1). To facilitate data collection through text searches in news articles and annual/CSR reports, we selected only firms from Anglo-Saxon countries: The United States, the United Kingdom, Canada, and Australia, all liberal market economies to reduce institutional differences (Chen & Bouvain, 2009). The 15-year time period was chosen because it coincided with increased interest in CSR issues and the rise of modular strategies (Grafström & Windell, 2011; Hoejmose & Adrien-Kirby, 2012; Lewin et al, 2009).

We used FACTIVA, an online news database incorporating a wide variety of sources. FACTIVA has been used in previous work because its extensive database covers different regions and time periods (e.g. Brammer, 2004; Desai, 2011a, 2011b; Grafström & Windell, 2011; Petrenko, Aime, Ridge, & Hill, 2016). However, unlike previous studies (e.g. Bansal & Clelland, 2004; Grafström & Windell, 2011; Zyglidopoulos et al., 2012), we did not select only a few prestigious media outlets, given our interest in understanding the effects on the general public, not merely an elite (Deephouse & Suchman, 2008). Thus, we included all media outlets contained in the FACTIVA database.

The total number of articles for these 120 companies over 15 years is 7,299,533 and the trend shows a steady increase of the numbers for the selected period (see Table 4.1). Therefore, it was necessary to filter these articles. We chose one random company from each selected industry and read all articles published from 2000 to 2014 in order to pick up the terminologies applied by media when dealing with CSiR issues in an offshore outsourcing context. Based on the research and guidelines provided by the GRI (Global Reporting Initiative, 2014), we developed a set of filtering terms (see Appendix 4.2). This filtering process reduced the number of articles to 1,729,587. Through the article selection criteria and procedures (Appendix 4.3 & 4.4), eventually 8,265 articles were included in the study (see Table 4.1). Appendix 4.5 demonstrates the process through which articles were filtered and selected using FACTIVA. Appendix 4.6 presents a representative article selected through the process while Appendix 4.7 shows an article that excluded by following the process.

Table 4.1. The number of articles per year

Year	Total number of articles	The number of media articles on CSiR in offshore outsourcing relationships
2000	275,290	196
2001	299,559	170
2002	355,305	235
2003	356,250	171
2004	410,900	155
2005	458,474	246
2006	435,127	546
2007	452,313	495
2008	446,541	352
2009	518,648	226
2010	590,391	640
2011	668,441	595
2012	677,888	1,665
2013	685,396	1,625
2014	669,010	948
Total	7,299,533	8,265

In order to increase the level of objectivity and to check later coding of articles, we undertook multiple interrater reliability tests. First, in order to test the validity of search terms, we examined news articles for three different time periods for three companies. These were selected following the pre-agreed criteria (Appendix 4.3) and the procedure (Appendix 4.4), first without filtering terms. Then, we applied the filtering terms to see if all the selected articles survived, which was indeed the case. Next, two of the authors and an unaffiliated researcher with relevant knowledge, were given a total of 264 articles and classified these into two categories: those that were to be included in the study and those that were to be excluded. These raters agreed on 98.86% of the categorization of the articles.

We then collected corporate voluntary disclosures to measure organisational attention. As Cho and Hambrick (2006) suggest, analysing written materials published by organisations such as letters to shareholders and annual reports is an effective way of understanding the attention of organisations and individuals. If managers and firms have made an effort to tackle CSR in offshore outsourcing, they are likely to want to signal this to stakeholders and prevent them from "adverse selection" (Campbell, Shrives, & Bohmbach-Saager, 2001; Clarkson, Overell, & Chapple, 2011; Mahoney, Thorne, Cecil, & LaGore, 2013). Voluntary disclosures, including public announcements, advertisements, annual reports and standalone CSR reports, are the means by which organisations can achieve this purpose (An, Davey, & Eggleton, 2011; Ashforth & Gibbs, 1990; Neu et al., 1998).

Hence there has been an increase in the number of CSR reports published in recent decades (Bebbington, Larrinaga, & Moneva, 2008). The number of executives who are seriously concerned with CSR issues is also increasing significantly (Babin & Hefley, 2010), and 90% of fortune 500 companies have explicit CSR policies and over 50% issue CSR reports (Homburg, Stierl, & Bornemann, 2013). Voluntary disclosure and communications can reduce information asymmetry between companies and stakeholders and eventually enhance the trustworthiness of a company (Rodríguez & Lemaster, 2007). Studies suggest that publishing such reports can signal doing good (Brammer & Pavelin, 2004; Clarkson et al., 2011), considering the costs and time of publication (Mahoney et al., 2013; Thorne et al., 2014).

4.4.2. Measures

Dependent variable. Consistent with the hypotheses, the dependent variable is a count variable measuring a firm's annual number of media articles relating to CSiR from offshore outsourcing. The number of media hits measures the level of issue salience and stakeholder attention (Dearing & Rogers, 1996; Kiousis, 2004). Also, media reporting is a good proxy for public discussion on CSiR as "it can mobilize action by (a) legitimizing social problems in the eyes of previously disconnected actors and (b) connecting actors to a social problem by disseminating information on its moral intensity amongst previously unaware observers" (Deephouse & Heugens, 2009, p.546).

Independent variables. *Attention* is measured using CSR disclosure by a firm. The ABV literature has frequently used text analysis of letters to shareholders as a way of measuring attention (Ocasio, 2011). However, we use the contents of reports rather than letters, since CSR in offshore outsourcing is rarely found in letters. Extant studies assume that the quantity of words can demonstrate the level of quality/commitment (Hammond & Miles, 2004). Thus the number of words, sentences, pages, and proportion, has typically been used as a proxy for the level of commitment to CSR (e.g. Brammer & Pavelin, 2004; Dagiliene, 2010; Gray, Kouhy, & Lavers, 1995; Loughran, McDonald, & Yun, 2009). Given that the length and structure of CSR reports vary substantially we use relative amounts, i.e. the proportion of text dedicated to supply chain issues in CSR reports and in the CSR sections of annual reports/ 10K reports, including tables and figures that may contain critical information (Unerman, 2000). This proportion is then how we measure *depth of attention*.

In order to measure *breadth of attention*, we used the categories used for defining report quality of the GRI (Global Reporting Initiative, 2014). Studies examining environmental and social disclosures have used GRI guidelines as a benchmark (e.g. Clarkson et al., 2011; Gamerschlag, Möller, & Verbeeten, 2011; Michelon et al., 2015), and we likewise look at the four aspects of environment, labour practices, human rights, and impact on society to create count variable, where each type of report adds 1 for a maximum score of "4".

We include annual reports, 10-K reports, and CSR reports (Mahoney et al., 2013). Reporting signals attention well because it is essentially a voluntary rather than a (government) mandated one (Dagiliene, 2010; Guthrie & Parker, 1989; Thorne et al., 2014) and because it is more expensive than one-off and event-driven news article publications (Brammer & Pavelin, 2004; Mahoney et al., 2013; Thorne et al., 2014).

Operationalization of the variables, *depth and breadth of attention*, includes several steps. For the period from 2000 to 2014 we collected CSR reports, where those were not available, we collected annual reports, and where those annual reports lacked narratives, we gathered 10-K reports. We acknowledge that the publication of 10-K and annual reports is not voluntary. Yet, the inclusion of CSR matters in the supply chain is not mandated for either type of report. Thus, such inclusion signals organisational attention. In order to control for the types of report we generated dummy variables called no report, 10K report, annual report and CSR report.

One of our baseline variables, the *visibility* of a firm is measured as a count of the total number of articles about a given firm in a given year in the FACTIVA database. Some studies have used more indirect measures, such as revenue or the number of employees, can be used to proxy visibility, (Fiss & Zajac, 2006; Zyglidopoulos et al., 2012), but given that we have a more direct measure we prefer to use it. To prevent over-dispersion, we log transformed the number. The second baseline variable, *prior reporting* in the media is measured through the log transformed number of articles regarding CSiR from offshore outsourcing about a given company in the previous year.

Control variables. *Firm size* is controlled for through the natural logarithm of the number of employees. Large and publicly held firms are more visible, and hence under higher pressure from stakeholders (Brammer & Pavelin, 2004; Thorne et al., 2014). The logarithm of the stock *market value* of a firm and the logarithm of *firm age* are also controlled for, since they can similarly produce more stakeholder pressure. We control for whether a firm engages in *B2B* (business-to-business), *B2C* (business-to-consumer), or both *B2B & B2C* markets because closeness to final consumers may make firms more interesting for media to report on. Six s*ector dummies* are included. Firm financial performance may be related to CSiR expectations, and therefore we control for *earnings per share* (*EPS*). *Revenue growth from the previous to the current* *year* ((revenue$_t$ – revenue$_{t-1}$)/revenue$_{t-1}$) is another control variables introduced to capture the effect of rapid growth, which may lead firms to engage in more, but less controlled, outsourcing to meet customer demand. We include organisation*al slack*, calculated by dividing current assets by current liabilities, since having slack may provide firms with room to tackle CSR issues (Petrenko et al., 2016). Finally, y*ear dummies* are used to capture a variety of temporal effects. We log transform all continuous independent variables, in order to deal with skewness and kurtosis (Lane et al., 2013; Strike et al., 2006).

4.4.3. Model Specification

We estimate quasi-likelihood of unbalanced panel data with the generalized estimating equations (GEE) model in Stata. A Hausman test suggested that fixed effects are not appropriate and a Breusche-Pagan/ Cook-Weisberg test indicated the presence of heteroscedasticity. In such instances GEE provides consistent population-averaged estimates for cross-sectional data that are not normally distributed and heteroskedastic (Liang & Zeger, 1986; Zeger, Liang, & Albert, 1988). A Woodbridge test for autocorrelation in panel data did not reject the null hypothesis, meaning there is no concern for first-order autocorrelation. The outcome variable is a count variable that is neither Poisson distributed nor normally distributed, but is over-dispersed. Also, within-subject values are repeatedly counted over time and are unlikely to be independent. Since we use a negative binomial model, log-transformation of the dependent variable is not necessary (O'Hara & Kotze, 2010). We obtained robust standard errors. A test of variance inflation factors showed a highest value of 5.36, with a mean of 2.26, meaning that multi-collinearity is unlikely to be a concern. The descriptive statistics are presented in Table 4.2 and the results of our analysis are shown in Table 4.3.

4.5. Findings

The descriptive statistics in Table 4.2 show that firms on average the subject firms spare 3.6 percent for CSR reporting either in the form of standalone reports or annual/ 10K reports on average. When it comes to the scope of issues, the firms deal with 1.139 aspects on average in their reports. Also, those firms that discuss the subject matter in more depth are likely to deal with broader aspects considering the correlation between *depth* and *breadth* is 0.524.

Table 4.3 presents the GEE estimates. Looking at the control variables first, as expected *firm size* and *age* have significant and positive effects on media reporting on CSiR in offshore outsourcing contexts. Firms engaging in *B2C* or both *B2C and B2B* businesses are also more often reported on by the media. There are also some smaller, and less consistent sectoral effects. Furthermore, the models demonstrate positive relationships between profit (*EPS*) and *media reporting* and negative relationships between *market value* and *media reporting*. We also find, interestingly, that the more advanced the type of reporting, the more negative is the association with media reporting. We believe that this is in itself indicative that when managers pay more attention to CSR this can lead to media taking a more positive stance on their firms.

When we turn to the independent variables there is strong support throughout for hypothesis 1a, and support for hypothesis 1b in most models; while *depth* of organisational attention has a strongly significant and negative relation with *media reporting* on CSiR in Model 2 ($p < 0.001$), *breadth of attention* has a positive, yet somewhat weaker, association ($p < 0.05$).

Table 4.2. Descriptive statistics: means, standard deviations (SDs) and bivariate correlations.

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
Hits	4.559	33.706	1.000																											
Visibiltiy	7.501	1.350	0.163	1.000																										
Prior media reporting	0.358	0.880	0.355	0.236	1.000																									
Depth of attention	0.036	0.071	-0.002	0.182	0.084	1.000																								
Breadth of attention	1.139	1.494	0.114	0.403	0.109	0.524	1.000																							
Number of employees	10.960	1.115	0.087	0.435	0.272	0.193	0.264	1.000																						
Market value	9.613	1.565	-0.092	0.514	0.170	0.097	0.303	0.458	1.000																					
Age	4.011	0.868	-0.001	0.089	0.091	0.064	0.163	0.204	0.105	1.000																				
Revenue growth	0.083	0.210	0.046	-0.038	-0.056	-0.030	-0.080	-0.121	-0.084	-0.052	1.000																			
Earnings per share	1.812	3.518	0.051	0.015	-0.054	0.034	0.122	0.068	0.148	0.099	0.077	1.000																		
Organizatinoal slack	1.529	0.786	0.001	-0.027	-0.059	-0.082	-0.065	-0.293	-0.026	-0.113	0.011	0.033	1.000																	
B2B	0.239	0.427	-0.074	-0.154	-0.203	-0.139	-0.114	-0.184	0.028	0.040	0.036	0.066	0.275	1.000																
B2C	0.227	0.419	-0.014	-0.134	0.072	0.202	0.013	0.205	-0.197	0.057	0.009	-0.064	-0.162	-0.304	1.000															
B2BB2C	0.534	0.499	0.075	0.244	0.115	-0.049	0.087	-0.016	0.141	-0.082	-0.038	-0.003	-0.098	-0.601	-0.580	1.000														
No report	0.167	0.373	-0.025	-0.252	-0.016	-0.234	-0.343	-0.182	-0.205	-0.136	0.068	-0.109	0.156	-0.040	-0.038	0.066	1.000													
10K report	0.207	0.405	-0.033	-0.121	-0.075	-0.115	-0.325	-0.172	-0.145	-0.199	0.006	-0.040	0.039	0.096	-0.046	-0.043	-0.228	1.000												
Annual report	0.228	0.419	-0.038	-0.133	-0.008	-0.094	-0.309	0.056	-0.020	0.102	0.039	-0.008	-0.070	0.024	0.091	-0.098	-0.243	-0.277	1.000											
CSR report	0.399	0.490	0.079	0.407	0.080	0.357	0.792	0.234	0.287	0.181	-0.086	0.123	-0.091	-0.070	-0.012	0.069	-0.364	-0.416	-0.442	1.000										
Consumer discretionary	0.411	0.492	0.004	-0.067	0.125	0.045	-0.115	0.072	-0.129	-0.286	0.019	-0.095	-0.024	-0.351	0.208	0.126	0.170	0.068	-0.040	-0.151	1.000									
Consumer staples	0.284	0.451	-0.016	-0.106	0.040	0.072	0.049	-0.058	-0.050	0.201	-0.003	-0.023	-0.282	-0.139	0.140	0.001	-0.023	-0.084	0.057	0.038	-0.526	1.000								
Health care	0.025	0.155	-0.018	0.088	-0.030	-0.015	0.109	0.004	0.150	0.073	-0.005	0.041	0.097	0.160	-0.086	-0.064	-0.071	-0.055	-0.044	0.138	-0.133	-0.100	1.000							
Industrials	0.058	0.233	-0.033	-0.070	-0.098	-0.101	-0.047	-0.014	-0.012	0.181	-0.026	0.080	0.046	0.193	-0.134	-0.052	-0.085	0.066	0.023	-0.009	-0.207	-0.156	-0.039	1.000						
Information technology	0.149	0.356	0.070	0.342	-0.079	-0.009	0.134	0.099	0.223	-0.092	-0.021	0.065	0.299	0.255	-0.226	-0.029	-0.042	0.004	-0.090	0.105	-0.349	-0.263	-0.067	-0.103	1.000					
Materials	0.074	0.262	-0.036	-0.143	-0.090	-0.097	-0.077	-0.166	-0.062	0.112	0.025	0.035	0.024	0.284	-0.153	-0.114	-0.104	-0.015	0.106	0.001	-0.237	-0.178	-0.045	-0.070	-0.118	1.000				
Australia	0.025	0.155	-0.017	-0.030	-0.021	-0.033	0.021	-0.059	-0.087	0.082	0.077	-0.043	-0.085	-0.089	0.294	-0.171	-0.043	-0.081	0.065	0.044	-0.133	0.253	-0.025	-0.039	-0.067	-0.045	1.000			
Canada	0.033	0.179	0.000	-0.175	-0.052	-0.063	-0.088	-0.078	-0.228	0.014	0.068	0.076	-0.056	-0.104	0.231	-0.105	-0.008	-0.094	0.164	-0.056	-0.060	0.089	-0.029	-0.046	-0.077	0.124	-0.029	1.000		
United Kingdom	0.124	0.329	-0.003	0.010	0.038	0.184	0.158	0.026	0.014	-0.015	0.021	-0.069	-0.265	-0.093	0.156	-0.051	-0.034	-0.192	0.051	0.141	-0.008	0.208	-0.060	-0.093	-0.157	-0.011	-0.060	-0.069	1.000	
United States	0.818	0.386	0.009	0.085	0.000	-0.115	-0.103	0.038	0.132	-0.027	-0.081	0.041	0.286	0.164	-0.359	0.161	0.050	0.241	-0.146	-0.112	0.089	-0.321	0.075	0.117	0.197	-0.030	-0.338	-0.392	-0.798	1.000

Visibility, Prior media reporting, Number of employees, Market value, Age: log-transformed

Table 4.3. Generalized Estimating Equations (GEE) regressions predicting CSiR reporting in media (models 1 to 8).

	1	2	3	4	5	6	7	8
Firm size	0.91(0.35) **	0.52(0.17) **	0.52(0.17) **	0.52(0.17) **	0.58(0.16) ***	0.56(0.16) **	0.53(0.17) **	0.54(0.17) **
Market value	-0.24(0.12) †	-0.18(0.09) *	-0.18(0.09) *	-0.19(0.09) *	-0.20(0.09) *	-0.20(0.09) *	-0.17(0.08) *	-0.18(0.09) *
Age	0.29(0.12) *	0.39(0.13) **	0.39(0.13) **	0.38(0.13) **	0.40(0.14) **	0.40(0.14) **	0.40(0.14) **	0.41(0.14) **
Revenue growth	0.34(0.37)	-0.26(0.24)	-0.26(0.24)	-0.24(0.25)	-0.26(0.25)	-0.19(0.24)	-0.27(0.24)	-0.17(0.24)
Earnings per share	0.05(0.04)	0.06(0.03) †	0.06(0.03) †	0.06(0.03) †	0.05(0.03) †	0.06(0.03) †	0.06(0.03) †	0.06(0.03) †
Organizational slack	-0.23(0.50)	0.54(0.17) **	0.54(0.17) **	0.54(0.17) **	0.51(0.18) **	0.48(0.19) *	0.54(0.17) **	0.49(0.18) **
Business-to-business	1.95(0.69) **	1.94(0.50) ***	1.94(0.50) ***	1.93(0.50) ***	1.81(0.48) ***	1.88(0.48) ***	1.97(0.51) ***	1.92(0.48) ***
Business-to-business & Business-to-consumer	3.14(0.64) ***	2.09(0.43) ***	2.09(0.43) ***	2.08(0.43) ***	2.02(0.42) ***	2.05(0.42) ***	2.10(0.43) ***	2.08(0.42) ***
Visibility_c		0.87(0.15) ***	0.86(0.17) ***	0.83(0.19) ***	0.86(0.16) ***	0.85(0.16) ***	0.91(0.18) ***	0.85(0.16) ***
Prior media reporting		0.56(0.13) ***	0.56(0.13) ***	0.56(0.13) ***	0.75(0.13) ***	0.78(0.15) ***	0.56(0.13) ***	0.73(0.16) ***
Depth of attention		-7.68(2.12) ***	-7.79(2.48) **	-7.61(2.16) ***	-4.42(1.70) **	-7.48(2.06) ***	-7.71(2.14) ***	-7.48(2.07) ***
Breadth of attention		0.23(0.11) *	0.23(0.11) *	0.19(0.13)	0.24(0.11) *	0.32(0.12) *	0.24(0.11) *	0.22(0.11) †
Depth of attention X Visibility_c			0.21(1.38)					
Breadth of attention X Visibility_c				0.04(0.06)				
Depth of attention X Prior media reporting					-4.52(1.35) **			
Breadth of attention X Prior media reporting						-0.13(0.05) **		
CSR report X Visibility_c							-0.12(0.22)	
CSR report X Prioir media reporting								-0.34(0.17) †
10-K		-0.03(0.39)	-0.02(0.40)	0.00(0.41)	0.05(0.39)	0.09(0.39)	-0.06(0.43)	0.09(0.39)
Annual report		-0.71(0.34) *	-0.70(0.35) *	-0.66(0.35) †	-0.62(0.32) †	-0.65(0.33) †	-0.75(0.35) *	-0.67(0.34) †
CSR report		-1.31(0.40) **	-1.30(0.41) **	-1.24(0.41) **	-1.24(0.40) **	-1.22(0.40) **	-1.31(0.41) **	-0.96(0.39) *
Consumer discretionary	1.94(0.86) *	0.19(0.64)	0.20(0.64)	0.20(0.64)	0.11(0.64)	0.12(0.64)	0.20(0.64)	0.21(0.64)
Consumer staples	1.72(0.62) **	0.86(0.64)	0.87(0.64)	0.88(0.64)	0.79(0.63)	0.86(0.62)	0.86(0.64)	0.93(0.63)
Health care	0.57(0.71)	-1.42(0.66) *	-1.41(0.67) *	-1.44(0.66) *	-1.49(0.67) *	-1.38(0.66) *	-1.36(0.65) *	-1.32(0.65) *
Industrials	-1.53(1.60)	-1.79(1.07) †	-1.79(1.07) †	-1.78(1.08) †	-1.80(1.08) †	-1.79(1.08) †	-1.79(1.07) †	-1.77(1.08)
Information technology	2.01(0.84) *	-0.90(0.68)	-1.91(0.68)	-0.97(0.68)	-0.93(0.69)	-0.82(0.69)	-0.84(0.68)	-0.80(0.69)
Constant	-11.70(3.53) **	-7.63(1.83) ***	-7.61(1.83) ***	-7.48(1.84) ***	-8.14(1.79) ***	-8.00(1.71) ***	-7.79(1.84) ***	-8.07(1.77) ***
Wald Chi2	360.12 ***	664.70 ***	671.79 ***	692.73 ***	690.93 ***	669.87 ***	663.58 ***	675.42 ***

Showing betas, robust standard errors and significance levels (***<0.001;**<0.01;*<0.05; †<0.10). Number of of obs= 1,575
All continuous variables are measured in logarithm. c: centered. Year dummies included but not presented in the table.

We then proceed to test the interaction effects. As can be confirmed in Model 3 and 4, which test hypotheses 2a and 2b, there is a positive, but statistically insignificant interaction between firm *visibility* and *depth* and between *visibility* and *breadth of attention* to CSR issues in offshore outsourcing. Model 5 shows that *depth of attention* has a strong negative interaction with *prior media reporting* ($p < 0.01$). That is, our hypothesis 3a is strongly supported. On the other hand, the hypothesis 3b is strongly rejected as demonstrated in Model 6. There is a negative interaction between *breadth* and *prior media reporting* ($p < 0.01$).

Figure 4.2. The moderating effect of depth of attention for the relationship between prior media reporting and later media reporting

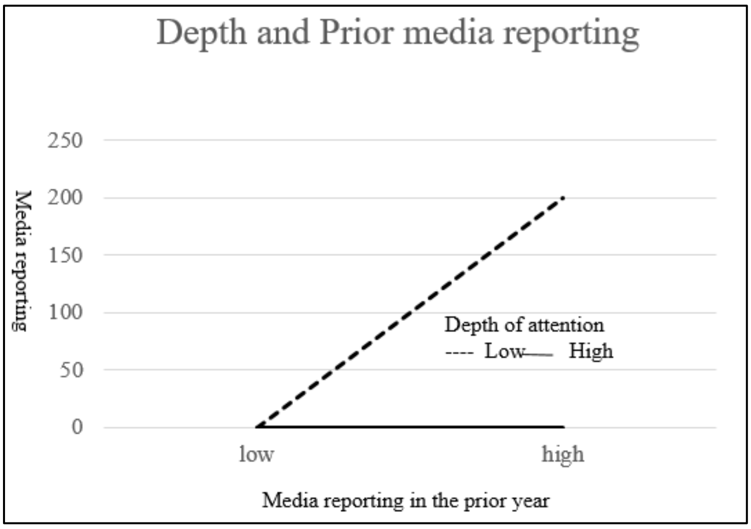
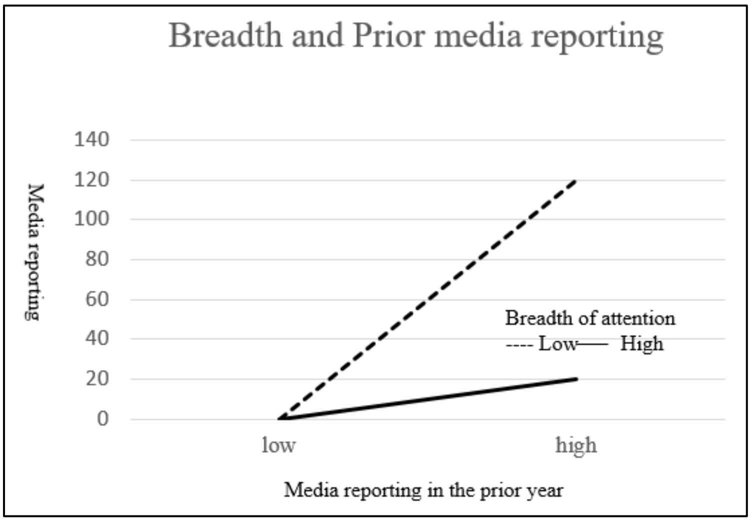


Figure 4.3. The moderating effect of breadth of attention for the relationship between prior media reporting and later media reporting



The interaction effects in our results are plotted in Figures 4.2 and 4.3. Figure 4.2 illustrates how hypothesis 3a is supported; *prior media reporting* increases later *media reporting* only for firms with low attention to CSR in offshore outsourcing. With an increase in the *depth of attention*, firms with very intense *prior media reporting* do not experience an increase in later *media reporting*. That is, in-depth attention successfully and negatively moderates the strong positive relation between *prior media reporting* and *later media reporting*. However, firms with a low degree of *prior media reporting* experience no significant changes from *depth of attention*. Figure 4.3 shows hypothesis 3b is rejected, i.e. for firms with very intense *prior media reporting*, broad attention is effective in reducing later *media reporting*.

4.6. Robustness Checks

We performed some further tests to address potential concerns and to confirm that our results are sufficiently robust. Firstly, there is a possibility that the results are biased because we used unbalanced panel data. As GEE is incapable of handling this issue, we ran an additional analysis using a balanced sub-panel, with only 1,400 observations. The results are generally consistent, but hypothesis 1b is no longer supported and the negative interaction between *breadth of attention* and *prior media reporting* is no longer significant.

Secondly, there may be a concern that some of the articles included in the control variable for visibility, are in fact also included in the dependent variable. A GEE regression where these articles were excluded from the control variable did not change the results.

Thirdly, the main model uses population-averaged estimates and the Hausman test confirmed that a fixed effect is not an appropriate option for our data. Thus, we ran a negative binomial regression with random effects. This gave us generally consistent results, but hypothesis 1b is no longer supported.

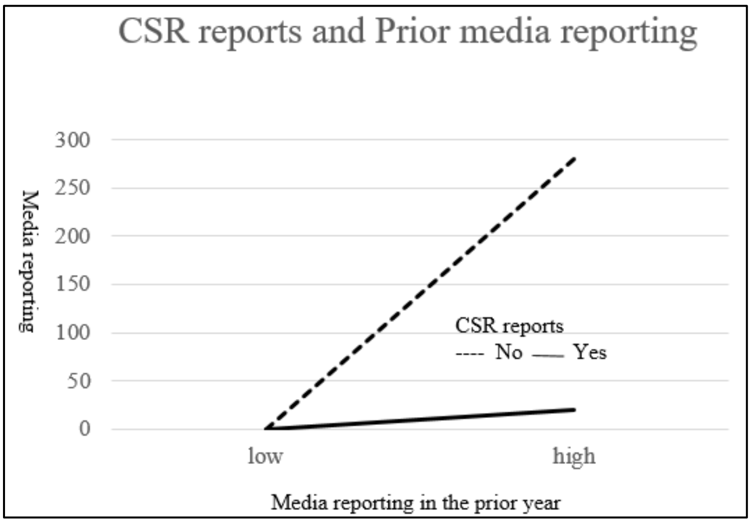
Fourth, we recognize a potential endogeneity issue arising from inclusion of a lagged dependent variable as one of the independent variables. Thus, we ran an additional robustness check by removing the variable. The results were again generally consistent, with the exception of hypothesis 1b, which became insignificant.

Fifthly, our data panel is long (15 years), which means there is a chance that our results could be biased by the lesser attention towards CSR in the early 2000s. To ensure the robustness of our results in this sense, we therefore clustered years in order to see whether the results are still consistent. We ran the same GEE regression with data from 2008 to 2014 only, and this yielded consistent results.

Next, Table 4.2 shows that the correlation between *depth and breadth of attention* is quite high as 0.524, we put them separately in different models in order to ensure that the correlation does not affect the results in the main model. Our first test conducted only with the variable depth of attention showed highly consistent results while the second test executed only with the variable *breadth of attention* yielded consistent but less significant results overall.

Finally, given the significant negative association that the existence of *CSR reports* has with CSiR *media reporting* throughout the models, we ran extra regressions, Models 7 and 8, to test whether containing supply chain matters in standalone CSR reports *per se* interacts with our variables in the baseline expectations, *visibility* and *prior media reporting*. Consistent with *depth and breadth of attention*, the existence of CSR reports interacts negatively with *prior media reporting.* We plot the interaction between published *CSR reports* containing attention to CSR in offshore outsourcing relationships and *prior media reporting* in Figure 4.4. It suggests that the existence of *CSR reports per se* can significantly and negatively moderate the strong association between *prior media reporting* and later *media reporting*.

Figure 4.4. The moderating effect of CSR reports for the relationship between prior media reporting and later media reporting



4.7. Discussion

Attention matters. Drawing upon the attention-based view of the firm (Ocasio, 1997; Surroca et al., 2016) we examine what determines the amount of media reporting a firm receives in the area of CSiR from offshore outsourcing. We introduce a key distinction between *depth* and *breadth* of attention, demonstrate that these two variables have distinct effects, and additionally negatively moderate the effect of *prior media reporting*, i.e. attention helps firms that have received prior media reporting to reduce future reporting levels.

We also find the expect direct effects from, *visibility* of a firm and *prior media reporting*, but given these are effectively predetermined, in contrast to *depth* and *breadth* of attention, which represent managerial choices to pay more attention. This study shows that depth of attention to CSR issues in offshore outsourcing significantly reduces media reporting on CSiR from offshore outsourcing. By contrast, for breadth of attention, measured as the number of categories of CSR issues (social, environmental, labour, and human rights), we find positive but also more inconsistent results. Regardless of whether this effective is indeed positive or not, these differential results demonstrate the usefulness of drawing a distinction between breadth and depth of attention, which we see as the key conceptual contribution of our paper.

We believe this is because there are usually firm-specific kinds of CSR issues that are more urgent and require relatively more attention than others. Hence, distributing attention to different aspects hinders firms from effectively addressing CSR issues that are particularly critical to them while concentrating their attention on specific issues is more effective in reducing media reporting. More specifically, the positive relationship between breadth of attention and CSiR reporting by the media can be interpreted in three ways: first, as discussed above, firms are distributing and wasting their attention unnecessarily to other aspects and the issue that really requires attention is not sufficiently attended to. Secondly, firms have numerous difficulties in different areas and they attend to them all, but due to limited capabilities and resources they cannot effectively prevent potential CSiR practices or CSiR news reporting. Lastly, it is possible that firms simply and briefly write about their policy in different areas in order to make their reports look good as a form of impression management and no actual efforts to improve are carried out (Ashforth & Gibbs, 1990; Mahoney et al., 2013).

Further interesting findings in this study are in the interaction terms, especially between prior media coverage and both breadth and depth of attention. For those firms that received intense media attention in the previous year and are therefore under increased scrutiny and attribution, later media reporting is not likely to be intense if the firm pays a substantial amount of attention. This actually applies to firms with both high and low prior media reporting, although our findings suggest in-depth attention works more effectively if a firm experienced intense prior media reporting. This can be interpreted in such a way that the firms' attention and following resource allocation for problem solving works even more effectively where there has been prior media reporting as the firm is more confident about exactly what the problems that require attention are.

A finding that requires a closer look is the antagonistic interaction of breadth of attention and prior media reporting. Contrary to our expectation, in this occasion, broadly distributed attention reduces media reporting for firms with intense prior media reporting. We assume that a firm might increase overall quality of attention toward CSR in offshore outsourcing after experiencing intense negative media reporting. There is a small branch of literature in the ABV maintaining that quality of attention is more critical in improving performance than focus of attention (e.g. Rerup, 2009; Weick & Sutcliffe, 2006). Weick and Sutcliffe (2006) claim that when management is mindful and sufficiently disciplined, it can attend to more issues and achieve performance improvement in multiple areas. Due to prior media reporting, firms become capable of attending to potential issues as well as to existing kinds of CSiR problems, and our study shows that attention to both extant and latent issues are effective in reducing later media reporting.

Our findings suggest that firms with intense prior media reporting need to deeply and broadly attend to CSR in offshore outsourcing relationships. That is, they should be deeply focused on and vigilant in a wide range of issues simultaneously.

Throughout the models in this study, it is noticeable that attention shown in standalone CSR reports, rather than in the other types of reports, has a substantially negative relationship with media discussion on CSiR related to offshore outsourcing. This implies that firms with a generally high attention to CSR and therefore those that publish standalone CSR reports are also likely to more effectively address CSiR in supply chains. In other words, firms that are socially responsible in general also tend to be good at managing supply chains. It could also be interpreted that they have constructed a good reputation and public image, so receive less attention to CSiR in offshore outsourcing as the media are less likely to cover negative news about firms with a high social approval (Chiu & Sharfman, 2011)**.**

4.8. Contributions

This study benefits from combining insights from the ABV and makes the important link to offshore outsourcing strategies, which is crucial in an age of modularization (Lewin et al, 2009). By inviting the ABV into the discourse on CSR, we suggest this study makes a valuable contribution to the CSR literature. CSR is an important firm strategic decision that requires appraisal of external and internal conditions and should be aligned with the other top agenda of a firm in order to achieve competitive advantage (Doh et al., 2014). The ABV has been used in understanding other firm strategic decisions e.g. innovation (Yadav et al., 2007) and crisis management (Aveni & Macmitlan, 1990). Yet, CSR has not yet been examined in much depth with the perspective of ABV.

The study also contributes to the ABV by separating out the two dimensions of depth and breadth of attention (e.g. Huckman & Zinner, 2008; Rerup, 2009; Weick & Sutcliffe, 2006). The findings of this study confirm the traditional beliefs of ABV discourse by empirically proving that focused attention leads to improved performance. On top of that, the findings extend our knowledge by providing evidence that broad attention can also be useful for a firm with a prior reputational crisis.

Empirically, the study makes a significant contribution to the CSR literature by suggesting an alternative way to measure CSR / CSiR performance. The focus on media articles reporting CSiR particularly fills a gap in the current literature; there are limited ways to measure social and environmental aspects of CSR in parallel (Stefan U. Hoejmose & Adrien-Kirby, 2012; Klassen & Vereecke, 2012; Yawar & Seuring, 2017). This method also enhances the objectivity of the variable, while embracing practical concerns managers have of being publicly criticized.

The study's findings suggest that persistent and dedicated attention can substantially reduce CSiR and dealing with CSR issues in offshore outsourcing is a constant 'battle' that firms should fight. Furthermore we specifically link this to offshore outsourcing strategies, which is particularly important given the increasingly modular nature of services and goods production (Lewin et al., 2009). This also helps us to better understand the complications of avoiding CSiR in such a complex and challenging context.

4.9. Limitations and Future Research

We acknowledge that this study has some limitations. Firstly, we are not entirely certain whether all relevant industries have been included. We drew a conclusion that certain industries do not use offshore manufacturing suppliers when there is no clear evidence of such activities. This could lead to an omission of some relevant firms. Furthermore we limit the kinds of outsourced activities in the study to manufacturing and materials procurement, since most environmental and social issues happen in manufacturing operations. CSiR in service and IT outsourcing, for instance, are not included. Hence, the results may not be generalizable to the wider range of offshore outsourcing activities.

In addition, the dependent variable, media hits, was collected solely from the FACTIVA database. It is likely that there are articles that have not been archived in FACTIVA, so the number of media hits used in the study might be missing some articles. However, the differences are not likely to significantly affect the general trend. In addition, as we use filtering words in order to reduce the number of the articles to go through, there could be some missing articles that apply alternative words and terminologies that are not part of our selection.

Next, the study ignores the possibility that the nature of CSR issues affects the level of media attention, although in practice a violation of minimum wage is not likely to attract as much attention and criticism compared to when human lives are at stake. In the same sense, the present study does not analyze the respective levels and intensities of commitments to each CSR aspect. The investigation into and text analysis of different aspects of CSiR in supply chain appearing in reports and in media articles could be investigated in future research using more advanced analysis technologies.

This research extends the ABV by conceptually and empirically studying depth and breadth of attention. What the study does not do is to examine the way an issue gains attention and the way attention is then allocated to the issue in an organisation, as this is beyond the scope of the paper. This is an underexplored area (Nadkarni & Barr, 2008; Sullivan, 2010) despite its importance. Therefore, a promising research topic for the future is to delineate the mechanism through which CSR in offshore outsourcing or supply chain more broadly competes against other agenda and attracts attention in an organisation. Surveys, interviews or direct observations could be used to study this subject.

4.10. Conclusion

Preventing CSiR related to offshore outsourcing has become a critical agenda for companies and is gaining more attention in academic discourse (Barnett & Salomon, 2012; Kolk & Pinkse, 2006). In this study, we seek to identify what drives the likelihood of firms being singled out for such CSiR. Our findings suggest that high visibility, prior media reporting and organisational attention are associated with CSiR reporting by the media. While visibility, prior media reporting and broad attention increase media reporting, in-depth attention successfully decreases it. More importantly, depth and breadth of attention negatively moderate the effects of prior media reporting on later media reporting of CSiR from offshore outsourcing.

Appendices

Appendix 4.1. Industry selection

Included Industries	Aluminium, Apparel/Accessories, Apparel/Footwear retail, Auto/Truck Manufacturers, Auto/Truck Parts, Beverages, Biotechs, Computer hardware, Computer services, Computer storage devices, Conglomerates, Construction materials, Consumer electronics, Containers & packaging, Department stores, Discount stores, Diversified chemicals, Diversified metals & mining, Drug retail, Electrical equipment, Electronics, Food processing, Food retail, Furniture & fixtures, Heavy equipment, Home improvement retail, House appliances, Household/ personal care, Iron & steel, Medical equipment & supplies, Paper & paper products, Pharmaceuticals, Printing & publishing, Recreational products, Restaurants, Semiconductors, Specialized chemicals, Tobacco.
Excluded Industries	Advertising, Aerospace & defence, Air courier, Airline, Broadcasting & cable, Business & personal services, Casino & gaming, Communications equipment, Computer & electronics retail, Construction services, Consumer financial services, Diversified insurance, Diversified utilities, Electric utilities, Environmental & waste, Healthcare services, Hotels & motels, Insurance brokers, Internet & catalogue retail, Investment services, Life & health insurance, Major banks, Managed health care, Natural gas utilities, Oil & gas operations, Oil services & equipment, Other industrial equipment, Precision healthcare equipment, Property & casualty insurance, Railroads, Real estate, Regional banks, Rental & leasing, Security systems, Software & programming, Specialty stores, Telecommunications services, Thrift & mortgage finance, Trucking

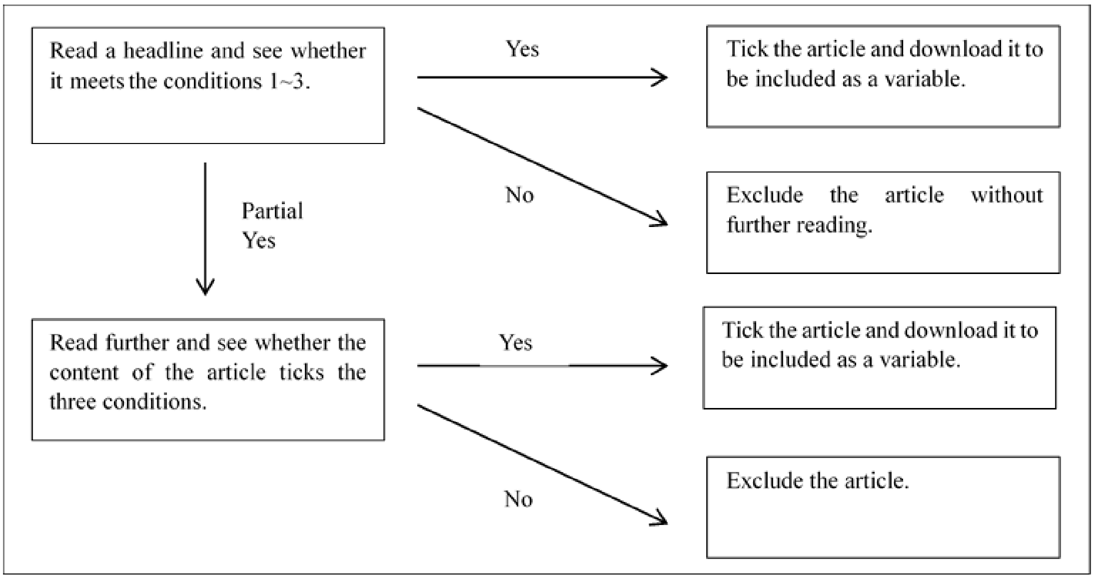
Appendix 4.2. Search terms

<table>
<tr><td>Context</td><td colspan="4">Outsource, Outsourcing, Offshore, Offshoring, Contractor, Sub-contractor, Supplier, Vendor, Manufacturer</td></tr>
<tr><td>Where</td><td colspan="4">Plant, Factory, Manufacturing facility, Farm, Plantation, Rainforest, Mines, Call centre</td></tr>
<tr><td>Problems</td><td>Human Rights:
-Human rights
-Child worker/labour
-Underage worker/labour
-Sweatshop
-Slave
-Conflict mineral</td><td>Labour Practices:
-Minimum wage
-Working hour
-Overtime
-Working condition
-Safety</td><td>Environment:
-Pollution (Pollute, Pollutant)
-Waste
-Contamination (Contaminate, Contaminant)
-Deforestation (Deforest)</td><td>Society:
-Bribe/ Bribery
-Fraud
-Money laundry
-Animal rights
-Animal abuse</td></tr>
<tr><td>Who is affected</td><td colspan="4">Child, Worker, Environment, Community</td></tr>
</table>

Appendix 4.3. Article selection criteria

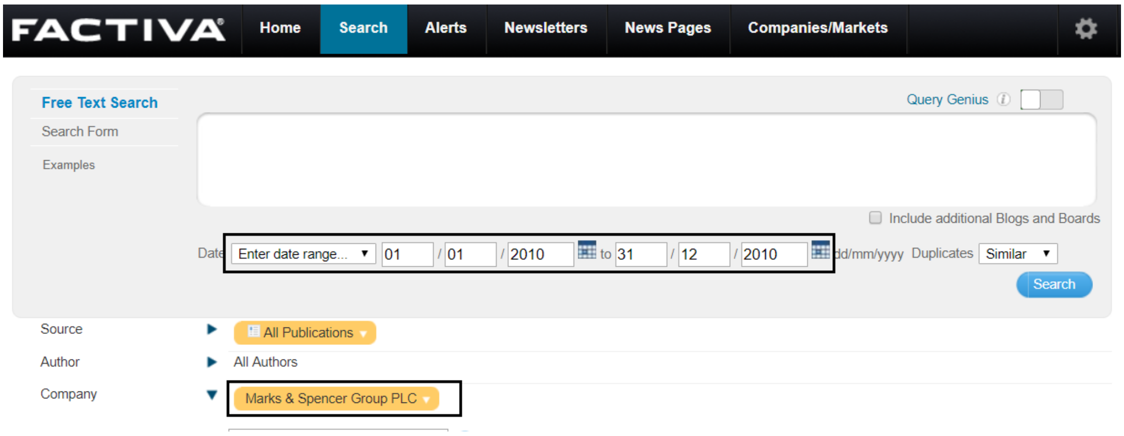
Checklist	V
1. Focal firm	
2. Name(s) or country(countries) of one or more supplier(s)	
3. CSR issues (e.g. Child labour, Pollution, Animal abuse, etc. see Appendix 4.2)	

Appendix 4.4. Article selection procedure



Appendix 4.5. An application of the article selection criteria and procedure

a. Find articles for one of the selected companies for a year:



b. Apply filtering terms (Appendix 4.2) in FACTIVA search tool:

c. Articles selected by the step by step application of the article selection criteria and procedure shown in Appendix 4.3 and 4.4.

Traffic People; corsages, €10 each, New Look

1. Focal firm
3. CSR issue
2. Country of supplier

4. **Revealed: Gap, Next and M&S in new sweatshop scandal: Indian workers are paid just 25p an hour and forced to work overtime in factories used...**

The Observer, 8 August 2010, 2265 words, Gethin Chamberlain, Gethin Chamberlain, (English)

Some of the biggest names on the British high street are at the centre of a major sweatshop scandal. An Observer investigation has found staff at their Indian suppliers working up to 16 hours a day.

2. Country of supplier

5. **Wakey, wakey, rise and shine**

Sunday Mail, 8 August 2010, 129 words, (English)

Start the most important meal of the day in style with brill breakfast accessories Cozy teapot,£15; cup and saucer, £6, House of Fraser Marmite tea cosy, £9.99, gifttogo.co.uk Eggspert shopper and eggsecutive egg cups,£5.99 each, ...

6. **Join the hairband**

Sunday Mail, 8 August 2010, 41 words, (English)

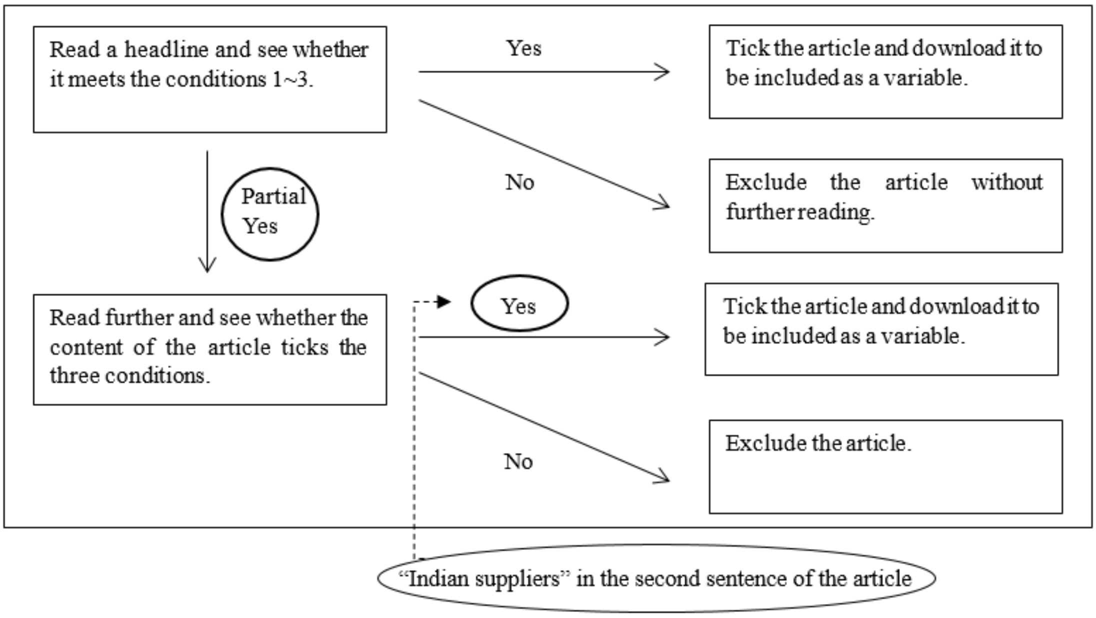
Blowout Black and green floral corsage and faux feather headband, £29.50, Autograph @ Marks & Spencer. Bargain Black and pink faux feather hairband, £18, Marks & Spencer.

c-1. Article selection criteria

Checklist	V
1. Focal firm	V (M&S)
2. Name(s) or country(countries) of one or more supplier(s)	△ (Indian workers)
3. CSR issues (e.g. Child labour, Pollution, Animal abuse, etc. see Appendix 4.2)	V (sweatshop)

Not sure whether it is about an Indian subsidiary or an Indian

c-2. Article selection procedure



Appendix 4.6. A representative article selected through the article selection process (downloaded from FACTIVA in Rich Text format)

The Observer

Observer World News Pages

Revealed: Gap, Next and M&S in new sweatshop scandal: Indian workers are paid just 25p an hour and forced to work overtime in factories used by some of Britain's best-known high street stores. And while parents are out working, children roam the filthy sewage-filled streets

Gethin Chamberlain
2,265 words
8 August 2010
The Observer
OB
8
English

Some of the biggest names on the British high street are at the centre of a major **sweatshop** scandal. An Observer investigation has found staff at their Indian suppliers working up to 16 hours a day.

Marks & Spencer, Gap and Next have all launched their own inquiries into the abuses and pledged to end the practice of excessive **overtime**, which is in flagrant breach of the industry's ethical trading initiative (ETI) and Indian labour law.

Some workers say they were paid at half the legal **overtime** rate. Gap, which uses the same **factory** as Next, confirmed it had found wage violations and gave its **supplier** a deadline of midnight last night to repay workers who lost out. M&S says it has yet to see evidence to support the wage claims.

Workers also say that those who refuse to work the extra hours have been told to find new jobs. Those in the **factory** supplying Gap and Next also claim staff who refused to work extra hours were threatened and fired, a practice defined under international law as forced labour and outlawed around the world. The **factory** has pledged to apologise and reinstate anyone who lost their job.

Next said it had found the situation to be "deplorable" and the chairman of the Indian company it uses has apologised and promised to make amends, blaming demand for workers at the forthcoming Commonwealth Games in Delhi for leaving factories short of staff.

Gap admitted wage and **overtime** violations and ordered its **supplier** to reduce working hours to within the legal limits and to refund workers who have been illegally underpaid.

Marks & Spencer admitted its **supplier** had been operating excessive **overtime** but said it had acted quickly to tackle the problem. It admitted its own audits had found a number of other violations, which it described as "high risk issues in documentation and conditions".

The Observer investigation found the factories were using workers hired through middlemen who paid them as little as 25p an hour, in the case of Gap and Next, and 26p an hour for M&S.

Workers at the **factory** used by Gap and Next said they had been required to put in up to eight hours a day in **overtime**, for which they claim to have been paid at half the legal minimum rate required by the ETI and Indian law. Some workers at the same **factory** said they had to work seven days a week, a practice condemned by their union as "**slave** labour".

All three companies have told the Observer that they are totally committed to ethical trading and will not tolerate abuses in their supply chain. All say the problems were detected by their own auditing processes and that they have taken swift action to tackle them.

The Observer spoke to workers from some of the factories involved. House of Pearl produces clothing for Gap and Next. Jawal Hussain, 24, who works in the House of Pearl **factory**, said that in June he worked 133 hours **overtime** on top of his normal eight-hour shifts, all at the basic single rate of pay. He pocketed a total of 6,100 rupees [pounds 83]. He and many of his fellow workers are hired through a **contractor**, which is responsible for paying them. "There were two or three people who objected to the **overtime** and they were beaten up and now they have left the company," he said.

He said they started at 9am and regularly worked through to 10pm with two half-hour breaks, though sometimes they would go through to 2am the next day and be expected to return again later in the morning.

Fellow **worker** Segar, 20, said he had worked every day in June, putting in 150 hours of **overtime**: "I like the work but don't like the excessive **overtime**. But we are told if you don't want to work **overtime** you don't work here."

The men said that by the time they had paid their rent, electricity, food and transport bills and sent a little money home to their families, they had nothing left and usually had to rely on credit to get through to the end of the month. The effects on families are clear to see in the narrow, muddy streets of the Kapashera district of south-west Delhi, close to the booming satellite city of Gurgaon and home to many of its garment workers.

Most leave their homes before 8am and many do not return before 8pm. Some children attend schools but many can be found roaming the streets for hours on end. The Observer found several children playing in the filthy streets where pigs rummage through rubbish and stinking open drains carry sewage between the tiny one-room houses.

Six-year-old Bubli, a little girl with a weeping sore on her chest, said both her parents were out working. They left at 8am and did not usually return until 10pm, she said. Her 11-year-old sister was left in charge while they were at work.

Sugriv, 10, was standing in the doorway of a relative's house. Both his parents were at work, he said; his mother usually got back about 8pm but his father was rarely home before 10pm. He played in the streets, he said, until it was time to go to school in the afternoon, and again after he got home again.

At the Rao Bir Singh school, principal Manju Yudav said parents had to pay pounds 5.50 a month - about 10% of their salaries - to send their children to the school. Many simply cannot afford it.

"We don't want to work but are working because of our family expenses," said Mohan Singh, 25, a father of two children, who works in Viva Global's **factory** producing items for M&S. "If we don't work our salary will be stopped, but the rent of the house and the children's school fees won't stop."

He was speaking during his lunch break a few blocks away from Viva Global's shabby, unmarked three-storey building in Gurgaon. "If we complain to the management, they are ignoring us, nobody is paying attention. If the workers says they don't want to work, then the management says you have another option, you can leave the company." Viva Global say it has now taken steps to address workers' concerns.

Workers at the Viva Global **factory** in Gurgaon said they produced clothing for the M&S Girls' Limited range, billed as a "fun and fashionable new range" for girls aged six to 14. They said that until recently workers had been required to stay for up to 16 hours a day on single pay. Viva Global says that orders have dried up and that there has been no excessive **overtime** for at least three months.

One **worker**, Subhash, 35, said they could not feed their children on their 5,000 rupees [pounds 69] a month basic wage. Pappu, 28, and Rajesh, 32, said they had worked from 9am to 10pm for a basic 4,600 rupees a month, with **overtime** paid at single rate. "We need to work for the money and if we don't the company will kick us out," said Bitthu, 26.

In a statement Next said it had already started its own investigation into abusive practices at the Pearl **factory**, including excessive **overtime** and underpayment of workers. A spokesman described the situation as "deplorable". The company warned that it would drop the **factory** unless conditions improved rapidly.

"It goes without saying that we were extremely concerned about this situation and are working actively with the **supplier**'s management to improve conditions at Pearl," the spokesman said.

Gap said all its factories had to stick to comprehensive and strict standards, which it said were non-negotiable. It said its staff had uncovered violations around excessive

overtime and **overtime** wage payments in June. A spokesman said Pearl had been ordered to pay back all the outstanding money and reduce working hours to the legal limit. But it said that firing its **supplier** would only hurt the workers.

"We are conducting a full investigation, including a review of related documentation to ensure that the workers are paid in accordance with the law. If we find any areas of noncompliance, as is our policy, we will ensure that appropriate action is taken, including back payment of wages as appropriate," said a spokesman.

Last year M&S launched a five-year ethical trading plan, complete with national advertising campaign under the slogan Doing the Right Thing, and new chairman Marc Bolland last month pledged to put the ethical policy at the heart of its business model.

A spokesman for M&S said that it was essential to the retailer that its suppliers upheld strong ethical standards and that this was a condition of doing business with the company. He admitted that excessive **overtime** had been worked at the Viva Global **factory** earlier this year and said the company was taking action to deal with the problem.

"Viva Global is a **factory** we have had issues with as it has fallen short of the high standards we require and are in the process of working closely with it (and the union) to do what we can to address them," the spokesman said.

"We also believe it is important to do this to improve conditions for the workers and put right any wrongs that we have uncovered. On the issue of excessive **overtime** at Viva Global, further investigations at my end have uncovered that this had been a problem at the **factory** but on an irregular basis in the months preceding April."

He said that the company had worked with Viva Global for five years and it was only this year that problems had surfaced. Since April the company had carried out 11 **factory** visits, six unannounced, and was confident that there had been no excessive **overtime** in the past two months.

M&S said Viva Global was one of 92 factories it sourced from in India and that it accounted for 1% of its output from the country. It said it had hired an experienced human resources manager at its request and improvements had been made.

"Excessive **overtime** and not paying workers the correct **overtime** rate can also be an issue in Gurgaon. This is one of the reasons we have a large team on the ground in Delhi and among the strictest ethical standards in the world to prevent it becoming an ongoing issue at the factories we source from," the spokesman said.

Venu Nair, the company's south Asia head, said M&S expected high standards and was constantly checking on **working conditions** to ensure those standards were met: "If we ever find instances of noncompliance, it's always our policy to work hard with our suppliers to try and fix the problem."

House of Pearl chairman Deepak Seth apologised and described recent trading conditions as a "nightmare". He said that a combination of demand for workers for projects for the Commonwealth Games, which will be held in October, and the annual return of workers to their home villages for the wedding season, had left the factories 40% short of their workers and that they had responded by increasing **overtime** beyond the maximum two hours per day allowed by law.

"I do agree that excessive **overtime** has happened. . . and going forward we are not going to allow it, and whoever has worked more than two hours, and not been paid as per the wages, we are going to correct that situation," he said. "I've been talking to my factories everywhere that this kind of a thing has to stop because it is not fair to expect workers to work more than two hours a day **overtime**."

He also promised to reinstate any workers sacked for refusing to put in the extra hours.

Sudhir Kumar Makhija, chief operating officer for Viva Global, said the company was committed to ethical trading. "We are working closely with M&S and whichever issues they have raised in the past we have ensured that all have been rectified and we are saying that for the past three to four months there's been no excessive **overtime** here."

He claimed that some workers may want to harm the company by making unsubstantiated allegations. He added that he was aware of workers who did eight hours in his **factory** and then another eight in another **factory**, but denied that any workers had put in 16- hour days in the one unit.

"We love our employees. They are the source of our existence and their concerns of any nature are our priorities," he said. But he acknowledged that workers had complaints and said the company had hired an experienced HR manager "to address workers' grievances".

Captions:

Six-year-old Bulbi, whose parents must leave her at home while they work, in the streets of Delhi's Kapashera district. Below, the House of Pearl **factory** in Gurgaon and UK high-street labels ready to be sewn on to clothes. Photographs by Gethin Chamberlain for the Observer

Appendix 4.7. An example of the articles excluded through the article selection process (downloaded from FACTIVA in Rich Text format)

Primark makes ethical commitment.

176 words
3 June 2006
Drapers Record
DRPREC
11
English

Primark has boosted its ethical credentials by joining the Ethical Training Initiative.

The value retailer has joined the likes of Marks & Spencer, Next, Monsoon, Debenhams and New Look, which are already members of the organisation. It aims to promote respect for the rights of workers in factories and farms across the globe.

Primark has faced pressure from ethical organisations to make its dealings with suppliers more transparent and posted its **supplier** code of conduct onto its website - at www.primark.co.uk - earlier this year.

In signing up, Primark has agreed to adhere to the ETI's base code, which is a set of commitments covering issues including wages, health and **safety** and discrimination. It will put notices on its tills informing customers of its commitment to ethical trading.

ETI director Dan Rees encouraged more value operators to join the organisation. He said: "Value retailers can make an important contribution to ethical trade and the fact that Primark has joined demonstrates a growing recognition that ethical trade makes good business sense."

Chapter 5 PAPER 3

TRILATERAL GOVERNANCE: A SHIFTING PARADIGM TO ADDRESS LABOUR ISSUES IN GLOBAL SUPPLY CHAINS

Abstract

Labour issues in global supply chains have been a thorny problem for both buyer firms and their suppliers. Academic studies have focused mostly on the bilateral relationship between buyer firms and suppliers, looking at arm's-length and close coalition models, and the associated mechanisms of coercion and cooperation. Yet continuing problems suggest that neither mechanism offers a comprehensive solution to the problem. This study investigates how buyer firms are now shifting toward a different model of trilateral governance that involves setting up an issue-driven coalition with competitor firms and/or an alliance with third-party organisations. These coalitions and alliances are then used to exert coercion more effectively to make suppliers act in accordance with buyers' ethical sourcing initiatives. In this paper, based on interviews with managers involved in the setting up and management of such coalitions and alliances in the clothing retail industry, we examine the antecedents of the trilateral governance model and examine its effectiveness in addressing labour issues in global supply chains.

Keywords: Coalition, collaboration, corporate social responsibility, CSR, global supply chains, labour issues, trilateral governance

5.1. Introduction

Labour issues in supply chains have been a vexing problem for buyer firms based in western countries. Existing relationships with suppliers, whether arm's-length or involving close collaboration, have failed to produce the desired effects—consider, for instance, recent disasters in Bangladesh (Reinecke & Donaghey, 2015). Newspapers feature many stories about the exploitation of employees, under-age employment, sweat-shop labour conditions, and health and safety violations in suppliers' factories in less developed countries. But all this negative publicity has not proved sufficient for buyer and supplier firms to resolve problems with working conditions in global supply chains.

Over the years, the debates on buyer-supplier relationships have moved from arm's-length transaction agreements to dense, collaborative, trust-based relationships to address labour challenges within supplier factories (Soundararajan & Brown, 2016). This is supported by evidence that top-down approaches to controlling labour issues in supply chains are ineffective (Neef, 2004; Park-Poaps & Rees, 2010). The premise of trust-driven collaborative agreements has been to work with suppliers and enable them to develop the necessary capabilities to address labour issues in supply chains. However, this bilateral collaborative approach has apparently not been effective enough to eradicate labour issues in supply chains (Turker & Altuntas, 2014). Consequently, of late, buyer firms have been scrambling for a new model to govern labour issues in supply chains, partly because of recent well-publicized disasters like the collapse of the Rana Plaza, an eight-story factory in Bangladesh supplying garments for western retail brands, and stakeholders' unease over child labour, fair wages, and working conditions.

This study is prompted by the observation that buyer firms have recently been moving to a new type of inter-firm alliances model and branching out to third-party organisations (TPOs) to cultivate the necessary power and legitimacy to coerce suppliers to adhere to their standards. As this study reveals, buyer firms believe that suppliers have gained sufficient power in supply chains to reject or undermine buyer initiatives; collective action is seen as a viable alternative to coerce suppliers into acting in accordance with ethical sourcing initiatives. Collective actions are actions taken jointly by buyer firms "in pursuit of the same collective good" (Marwell &

Oliver, 1993, p.4), i.e., improved working conditions. So the pendulum may be swinging back from the trust-based model to a more power-based model, driven by coercion and top-down control but exercised through a trilateral model, not in direct bilateral relationships. This paradigm shift has a profound impact on how people are managed at the supplier level. In this paper, which is based on interviews with managers involved in the setting-up and management of inter-firm supply-chain alliances and an extensive analysis of secondary data, we examine the antecedents of these alliances and critically examine their effectiveness in addressing labour issues in supply chains.

We examine a paradigm shift toward trilateral governance, asking the question: *Why do buyer firms from developed countries and their suppliers in developing countries in the garment industry use trilateral governance*? In addition, we address the possible advantages and limitations of such a model. The new paradigm raises new and interesting questions for scholarly research, above and beyond current scholarly work on labour challenges in global supply chains that has mostly been focused on bilateral firm-supplier relationships or within-firm issues.

A small number of studies have examined the role and impact of stakeholders on the management of labour in supply chains (c.f. Park-Poaps & Rees, 2010) but these have not focused on inter-firm cooperative alliances and the impact of involving TPOs to address labour issues in supply chains. So there has not been much empirical exploration of the trilateral mode of handling labour issues. Furthermore, forging alliances with competitors and TPOs to address labour issues in supply chains is theoretically interesting. Such alliances represent the collaboration of different organisations with often diametrically opposing objectives. As a result, firms risk having questionable labour practices in their supply chains exposed by TPOs. At the same time, TPOs risk losing their public trust and hard-earned legitimacy and credibility because of their cooperation with businesses. Hence additional transaction costs occur when organisations engage in trilateral governance (Nooteboom, 2004). This is true for both buyer firms and TPOs, so the general conceptual question of interest is why are organisations willing to bear such costs? This begs the question of what drives partnership formation with TPOs and competitors and how partnering affects costs (Wootliff & Deri, 2001).

This study is also relevant for practitioners. Buyer firms try to address labour issues in their supply chains for business as well as moral reasons. Labour problems in supply chains are more than "minor upstream inconveniences" (Jiang, Baker, & Frazier, 2009, p.169). They often receive wide media coverage and attract negative public interest. Several studies have reported that accusations of unethical practices in supply chains may lead to erosion of market positions and can result in substantial damage to brands (Emmelhainz & Adams, 1999; Frenkel & Scott, 2002; Nelson & Zadek, 2000). Moreover, sweatshop labour practices are considered a violation of universal human rights under the United Nations (UN) Declaration of Human Rights and International Labour Organisation (ILO) convention (Park-Poaps & Rees, 2010).

The paper continues as follows. In the first section, we provide a background study of buyer-supplier relationships and labour issues. In the second section, we introduce our empirical research method. We report our findings in the third section, and end with the discussion and conclusions.

5.2. Background

5.2.1. Buyer-Supplier Relationships and Labour Issues: Toward a Coercive Model

In the 1970s the footwear and apparel industry started the trend of offshoring and outsourcing production to developing countries where abundant, cheap, low-skilled labour was available (Lim & Phillips, 2008). While this reduced upstream costs, it also created a number of unintended adverse consequences, including mistreatment and exploitation of labour in supplier firms (Emmelhainz & Adams, 1999). Since the early 1990s, a series of irresponsible business practices in developing countries has provoked vigorous criticism from both the public and Non-Governmental Organisations (NGOs) (Kolk, 2003). Household names, including Nike, Walmart, Gap, and H&M, were held responsible for sweatshop conditions in factories in the developing countries where their branded goods were produced (Emmelhainz & Adams, 1999; Frost & Burnett, 2007). Even as recently as 2012 and 2013 deadly fires in several supplier factories and the collapse of the Rana Plaza complex in Bangladesh underscored the persistence of the problem over time (Wieland & Handfield, 2013).

Initiatives to combat such labour issues in supply chains started in the early 1990s. In 1991 Levi Strauss, followed by Nike in 1992, adopted codes of conduct and internal audits focusing specifically on labour rights and working conditions (Murphy & Matthew, 2001; Pedersen, 2006; Roberts, 2003; Van Tulder & Kolk, 2001). This practice became widespread as other firms were subjected to strong institutional pressures to introduce codes of conduct and meet industry standards (Jørgensen, Pruzan-Jørgensen, Jungk, & Cramer, 2003). Firm-specific codes of conduct morphed into standards that can measure firm corporate social responsibility (CSR) performance and can be applied universally. Most of the industry-wide codes included fair labour issues in supply chains (Andersen & Skjoett-Larsen, 2009). Social Accountability International (SAI) developed SA8000, a standard for labour conditions and human rights issues (Gilbert & Rasche, 2007), and the Global Reporting Initiative (GRI) provided guidelines for the communication of climate and human rights issues in 1997 (Othman & Ameer, 2009). The UN announced the UN Global Compact, another set of principles for human rights, the environment, and working conditions, in 1999 (Frenkel & Scott, 2002). These globally applied tools provided guidance for firms to prepare standardized codes (Albareda, 2013).

Given that none of these initiatives are legally binding and act as guidelines and soft regulations at best, the challenge for multinational firms is how to deal with the problems when identified. In line with the exit-voice framework of Hirschmann (1970), in general multinational buyers have three options: to sever the relationship with a problematic supplier (exit), to impose sanctions such as reducing orders (partial exit), or to hand out warnings and repeat audits until the supplier takes corrective action (voice). Walking away might have an instant effect but the buyer will possibly end up with another supplier with similar issues (Wieland & Handfield, 2013), while it is easy for suppliers to deceive the buyer if repeat audits take place sporadically and last only a few days (Egels-Zandén, 2014; Plambeck & Taylor, 2014). In addition, monitoring is a costly procedure and smaller buyer firms and suppliers often do not have the financial or human resources needed for repeated audits (Ciliberti et al., 2011). Furthermore, suppliers seldom welcome investigation through audits (Morali & Searcy, 2012).

Realizing the limitations of codes and audits, some buyers have substituted their top-down code of conduct and monitoring approach with a relational, trust-based approach (Soundararajan & Brown, 2016). Cooperation with suppliers includes ongoing two-way conversations, information sharing, and training (Andersen & Skjoett-Larsen, 2009; Lim & Phillips, 2008; Locke et al., 2007). The assumption here is that the proactive involvement of suppliers who hope for a long-term relationship may lead to better compliance (Dyer & Singh, 1998; Lim & Phillips, 2008). However, this approach is not without limitations. Empirical evidence suggests that labour problems continue to exist. The collaborative approach is further complicated by the globalization of supply chains, where buyer firms source their products from several suppliers that can be located in different countries, making it costly and time-consuming to build and sustain cooperative relationships throughout supply chains (Lund-Thomsen & Lindgreen, 2014).

At a global level, there have been multi-stakeholder initiatives (MSIs) that involve multiple actors, are run by soft laws, and are driven to address CSR issues (Rasche, 2012). Under the broad and inclusive name of MSIs, there are a variety of groups and clusters that are different in terms of memberships, mechanisms and aims (Rasche, 2012). And they easily end up being abstract and nominal institutions that simply issue membership certificates or becoming a bigger scale bilateral governance where firms share globally agreed codes of conduct and their implementation is done individually, and not collaboratively supervised (Fransen & Kolk, 2007; Lund-Thomsen, 2008). Although there are more focused approaches within the global MSIs, not many of them are specifically to deal with supply chain issues (Rasche, 2012). Collaborations to address supply chain issues have only recently emerged (Vurro, Russo, & Perrini, 2009).

While such collaborations potentially include all relevant actors in global supply chains, there is a particular type of collaboration that is led by buyers and their competitors in an effort to increase their leverage on suppliers as well as the level of dependence from suppliers, and eventually induce higher level of compliance and collaboration from suppliers. Although such alliances are still not prevalent, they are of course widespread in other business areas, such as technological co-operation. Generally, firms enter into an alliance when they foresee a strategic or financial benefit in doing so (Kale, Dyer, & Singh, 2002). Unlike existing conventional MSIs that establish globally acknowledged codes of conduct and often degraded to certificate sellers, this new inter-firm collaborative paradigm aims to coerce suppliers and curb their potential opportunism with very specific purposes, target suppliers/ countries/ issues; in so doing it is assumed that buyer firms reduce the chances that labour problems will occur, or at least lower their severity. Coercive strategies take the form of “threats, promises, and/or legalistic pleas” (Frazier, Gill, & Kale, 1989, p.59). The assumption here is that the threat of punitive action is more effective if it comes from a collective rather than from a single firm.

5.3. Method

To understand how this new model operates, we embarked on an exploratory study. An exploratory study is appropriate, given the limited existing knowledge on this topic and our focus to theorize around it, rather than formally test hypotheses. To select study participants, we first identified firms that were actively engaged with inter-firm coalitions or had a TPO alliance. Firms had to meet three key criteria for inclusion in this study. First, labour issues in supply chains had to be a relevant problem for them, as expressed in the media or public debate. Second, their annual or standalone CSR reports had to demonstrate that they were actively seeking some solution(s) to address these issues. Third, they had to be a part of a formal coalition or alliance addressing labour issues in supply chains.

For our empirical investigation, we chose the retail clothes sector because of its long history with labour issues in supply chains. Clothing retailers have borne the brunt of public criticism and media scrutiny over labour issues in their suppliers' factories. The companies selected for our research vary in size, target consumer, and ownership type, as shown in Table 5.1. This diversity was intentional, to enable us to capture the drivers for the formation of alliances and the differentiated impact on management of people at supplier factories. Through snowballing we included in our interviews TPOs frequently mentioned in earlier interviews with buyer firms. Given our interest in how firms seek to exploit trilateral governance, most interviews were with firm representatives.

Table 5.1. Summary of interviews

Period	November 2014–June 2016
Types	Face-to-face (2), skype (4), phone (3), written (2)

Duration (range)	30–90 minutes
Firms	
Products served	Apparel, footwear, home products, food, luxury fashion
Types	Public (3), private (3)
Number of interviewees	9
Designations of interviewees	Director of sustainable business, head of sustainable business, head of responsible sourcing, former manager of international distribution, CSR program manager, former ethical sourcing coordinator, CSR manager, ethical trading team
Country	UK, Denmark, Hong Kong
Number of employees (range)	10,000–80,000
Firm revenue (range)	$2,000 million–$10 billion
Non-profit enterprise	
Description	Pursuing transparency across supply chain by implementing technologies
Number of interviewees	1
Designation of interviewee	Director/founder
Multi-stakeholder initiative	
Description	Providing a platform for alliance of firms, trade unions, and NGOs
Number of interviewees	1
Designations of interviewee	China representative

Primary data were acquired from interviews with firm representatives in charge of CSR policies in supply chains and with managers from TPOs. Interviews were semi-structured and centred on collaborative strategies to address labour issues in supply chains. The organisations and interviewees are not identified, to protect their identity. The company names are denoted by alphabets in order to anonymised them (see Table 5.2). Extensive secondary data were collected to corroborate the interview data and included firms' archived documents, other organisations, online sources, and the media. Interviewees' responses were compared, confirmed, or challenged by these documents so we could avoid method bias through triangulation (Podsakoff et al., 2012). The sources for our data are shown in Table 5.3.

Table 5.2. Characteristics of the sample companies

Company ID	Type	Origin	Ownership
Company A	Multinational retailer	UK	Public
Company B	Retailer	UK	Public
Company C	Luxury brand	UK	Public
Company D	Fashion brand	UK	Private
Company E	Retailer	Denmark	Private
Company F	Garment manufacturing supplier	Hong Kong	Private

Table 5.3. Data sources

Data source	Details
Interviews	11 interviews with current/former CSR practitioners of different organisations including retail companies, TPOs, and a supplier, conducted face-to-face, by Skype, telephone and written communication. Further details can be found in Table 5.1.
Corporate reports	35 reports published by the companies interviewed between 2000 and 2016, e.g. CSR reports, sustainability reports, human rights reports, codes of conduct.
Company websites	CSR, ethical trading and partnership information available on the websites of the companies interviewed.
Websites, reports, case studies published by TPOs/coalitions	Information on aims, achievements, and memberships. e.g. ACT (Action, Collaboration, Transformation), Better Factories Cambodia, Cotton Campaign, SAC, SEDEX, The Accord on Fire and Building Safety in Bangladesh. Further details are available in Table 5.4.
Published news articles and scholarly articles	469 articles and commentaries published by the media 2000–2016, accessed from the FACTIVA database and Google searches/Google Scholar

Table 5.4. Examples of coalitions

Name	Mission
ACT (Action, Collaboration, Transformation)	Brands and retailers collaborate on a set of principles and work with suppliers and trade unions to address living wage issues.
Cotton Campaign	A coalition of NGOs and businesses that urge Uzbekistan and Turkmenistan governments to improve systems and eradicate forced- child labour in cotton fields.
SAC (Sustainable Apparel Coalition)	Brands and retailers collaborate to improve sustainability in apparel, footwear, and textile supply chains, measuring performance in a uniform way.
Sedex Information Exchange (SEDEX)	A platform where brands and suppliers share their supplier/audit information so they can reduce audit fatigue and join forces together when necessary to influence shared suppliers.
The Accord (The Accord on Fire and Building Safety in Bangladesh)	Brands, retailers, and trade unions work collaboratively to build a safe and healthy Bangladesh ready-made garment (RMG) industry.

5.4. Analysis and Findings

Guided by the theoretical thematic analysis process suggested by Braun and Clarke (2006), the data analysis began with sufficiently familiarising with the collected interview data. This first step entails thorough transcription of all verbal expressions and repeated readings of the transcripts. The transcribed interview data were first coded and divided into concepts. The concepts were mostly predetermined based on literature review and guided the interview processes (see Appendix 4.1). The concepts were then reorganized and regrouped as categories. The categories were chosen as they were the most predominantly and frequently mentioned aspects from the data set, which were broadly about challenges in current practices and efforts to address the issues. And they were agreed by the co-authors who independently read the data. Next, the data extracts were displayed with categories, and all extracts were compared to reveal similarities, patterns, and causality (Miles & Huberman, 1994). Through this approach, four main overarching themes: drivers, implementation, implications for labour issues, and challenges, and eight sub-themes were identified. At this stage, to ensure the homogeneity of data extracts under the same themes and the heterogeneity of the different themes, there were a recursive reading back and forth between the data set and the data extracts (Patton, 1990). Appendix 5.2 illustrates the process of the data analysis.

5.4.1. Drivers

The analysis of the interview data reveals that buyer firms entered an inter-firm–TPO alliance to address two interrelated issues: perceived power and informational asymmetries with suppliers.

Power asymmetry. In principle a cooperative relationship can reduce transaction costs and enhance value outcomes (Atrek, Marcone, Gregori, Temperini, & Moscatelli, 2014; Dyer, 1997; Dyer & Singh, 1998; Uzzi, 1997). Mutual trust and/or commitment is required for cooperation between a buyer and supplier (Morgan & Hunt, 1994). Most of the interviewees confirmed that their firms have policies to develop and help suppliers to enhance working conditions in their factories. They try to build trusting relationships by ensuring suppliers that they will not abandon the relationship, asking for commitment from suppliers in return. When they become aware of issues such as child labour, unethical behaviour or illegal discrimination, and safety violations, they give the factories time and, if necessary, resources to address them. Once there is evidence that suppliers are willing to make an effort to improve, the brands try to support them. A CSR program manager of Company B described their approach:

> *'What we have to do is send them a clear message. We are going to work with you. We have local teams. We are not going to charge you for all the advice and support. We do free training every month. In China, we do age verification, management systems, working hour training, all screening, every single month, in three different locations. We will provide the support, the advice, the expertise, the knowledge.'*

Similarly, the director of sustainable business of Company A noted:

> *'Our policy is not to just walk away from suppliers. I think there's different situations, when we check on the suppliers on board, we recognize that they will take some time to get to the standard that we want. ... But as long as we can see evidence of improvement and that they share the same set of values and the same aspiration to get to the standard, we will continue to work with them because we believe that's the most responsible approach.'*

On a similar note, a former ethical sourcing coordinator of Company C reported:

> *'We continuously work with them and talk to them face-to-face or on the phone to help them to achieve those things. It's not like we impose a policy on them. But we actually work with them all the time so they can improve themselves.'*

We identified different scenarios regarding dependence between buyers and suppliers (see Figures 5.1 and 5.2). Ideally, a brand and a supplier work together collaboratively and cooperate on a basis of mutual trust and commitment. However, this scenario is most likely in a relationship where both parties are highly dependent on each other. In the retail industry, where manufacturing requires few brand-specific skills, most suppliers serve multiple buyers, and at the same time brands are likely to source products from multiple suppliers. Therefore, rather than long-term relationships we mostly find arm's-length relationships. In other words, the cases in the left and the bottom in Figure 5.1, in which either the buyer or the supplier is less dependent on the relationship, or neither party is particularly reliant on the relationship, are seen more often in the industry.

Resource dependence theory (RDT) suggests that dependence determines the relative power of parties in a relationship. In an inter-organisational relationship, dependence and power have an inverse relationship (Provan & Gassenheimer, 1994); the less dependent party in the relationship is likely to have more power over its counterpart (Emerson, 1962). Perhaps surprisingly, buyer firms in the industry perceive large suppliers as having acquired substantial power over them. Switching costs are reported to be very high, because the initial investment in finding and establishing a relationship with the right suppliers is substantial (Harms et al., 2013). Our respondents therefore challenged the notion that buyers can easily switch between competing suppliers, because large suppliers have the capacity to supply many brands simultaneously and are therefore less receptive to pressure from buyer firms. This is evidenced by the head of responsible sourcing of Company A:

> *'I think where it is typically challenging is where you have no leverage. So if you buy very, very little from the supplier, it's at the very beginning of the relationship, and maybe you have been buying there for a couple of weeks, it's therefore very difficult to influence that organisation to make change happen.'*

Under this kind of scenario pressure might even give the supplier an incentive to leave the relationship, as noted by the director of sustainable business of Company A:

> *'… they [suppliers] will probably not want to supply us anyways because more and more suppliers can choose who they sell products to.'*

The next scenario is where a buyer has less dependence and a supplier higher dependence on the relationship. This case might seem better, as it is now the buyer who has the power. However, all of our interviewees affirmed that simply auditing, monitoring, and enforcing buyer regulations would not improve working conditions or labour rights issues in the factories. Continuous support and communication are necessary, since otherwise the supplier might simply try to cheat and manipulate data. A supplier who is not fully convinced of the need for improvements is easily tempted toward guile instead of making efforts to address issues. As the director of sustainable business of Company A put it:

> *'I think we need to have minimum standards. But that will never be enough to drive the transformation that we want to see ... You need to have those minimum standards, but they have limitations. And what we found really successful is that we find ways to inspire our suppliers so that they believe this is good for their business.'*

The analysis of secondary data reveals that some of the firms in the study have as few as 200 suppliers and others nearly 700 (2016 CSR report, Company A; 2016 CSR report, Company D). The suppliers are dispersed around the globe, from 29 to 41 countries. Given that some big suppliers own multiple factories, the number of factory sites that require audits and monitoring increases exponentially. For example, one of the firms in our study had around 200 suppliers using 800 factory sites (2016 CSR report, Company D) and another had 662 suppliers and used 1,965 factory sites (2016 CSR report, Company B). And the trend indicates that the number of suppliers used is increasing over time. According to our analysis of firms' reports, most of the firms do not complete annual audits for individual factory sites. Company C, working with the smallest number of factories, claims it completed 100% audits in 2015 (2016 CSR report, Company D), while the firm with the largest number of suppliers recorded 49% completion that year (2016 CSR report, Company A). Our analysis of the reports demonstrates how challenging it would be for firms to communicate with every single supplier and convince it to be responsible when they are not able to complete one-off audits.

Moreover, considering that in most cases the suppliers are in countries that are politically, economically, and legally less developed, interviewees reported that the problem is not always that suppliers do not want to fix issues, but that their government and society do not push them or help them sufficiently to do so. In this case, the proactive involvement of brands plays a more significant role. As the China representative of a TPO confirms:

'Social auditing is very corruptive in China. So the idea is really to go beyond social auditing and to have really workers' engagement and invest money on capacity building instead of just monitoring repetitively and meaninglessly.'

In the scenario where neither party is dependent on a relationship, which sounds unlikely but is in fact the most common scenario, addressing labour issues is rarely on the agenda. When there is an issue in this type of relationship, the easiest and simplest option for a buyer firm is to exit. Considering the low level of dependence, finding a new supplier is not likely to be problematic. But, as we pointed out earlier, it is highly likely that an alternative supplier's operations will have similar issues, so the buyer firm is likely to have an incentive to try to find a way to address the issue and ask for compliance. However, a supplier's low level of dependence significantly reduces the supplier's incentive to comply and increases the likelihood that the supplier will exit the relationship. One of the firms in our study reported that 38 relationships out of 1,965 were terminated due to non-compliance in 2015 (2016 CSR report, Company B). Company C had to leave its Chinese supplier in 2012 when it was discovered that the supplier was exploiting workers (The Guardian, 2012). The supplier was producing for multiple Western customers and Company C was sourcing only 3% of the supplier's entire production (Overton, 2012), and which means low dependence from the supplier on the relationship. Neither of the two companies provided any detailed reasons for the extreme decisions in the report, but from the interviews and secondary data we learnt that those decisions are usually made when suppliers show little intention to address labour issues at their sites.

In brief, high dependence on the relationship is likely to induce cooperative strategies, while low dependence leads to the opposite outcome. As can be seen from Figure 5.2, the low dependence of suppliers is more likely to create issues than the level of buyers' dependence. Although game theory suggests that through repetition of the same games parties would eventually learn that cooperation gives them higher pay-offs (Axelrod, 1984; Jones, 1995), in reality, where buyers and suppliers have to take care of multiple relationships dispersed across countries, such focused repetition is not plausible for all relationships. In short, bilateral governance could not be expected to resolve problems with CSR in most of the relationships we looked at.

Figure 5.1. The level of dependence and buyers' expected strategies

Buyers' Dependence	Suppliers' Dependence: Low	Suppliers' Dependence: High
High	Cooperate	Cooperate
Low	Enforce	Enforce

Figure 5.2. The level of dependence and suppliers' expected strategies

Buyers' Dependence	Suppliers' Dependence: Low	Suppliers' Dependence: High
High	Do not cooperate	Cooperate
Low	Do not cooperate	Cooperate/ Cheat

To overcome difficulties where suppliers are not sufficiently dependent to induce cooperation, buyer firms have come up with an idea for a new kind of cooperation, in the form of trilateral governance. This move to a new inter-firm–TPO alliance approach is prompted by the need to shift power from suppliers to buyers, as this at least promises the second-best result. The CSR programme manager of Company B noted:

'So we have to be very realistic about, you know, using power. If you have power, then sanctions may work. If you don't have the power in the relationship, you must prove to the supplier why this makes good business sense and encourage and enable them.'

Interestingly, the new trilateral approach is not aimed at substituting the bilateral cooperative paradigm. Firms in our study are not letting go of the cooperative approach just yet. Interviewees indicated that continuous conversation is still an ideal way to make changes and convince suppliers that the new approach will eventually benefit them. This, they argued, would enable them to overcome the limitations of top-down unilateral compliance. Using threats, such as termination of contracts, was not emphasized but the importance of the suppliers making sense of improvements, as well as the effectiveness of conversations and persuasion, were stressed. Yet, one of the firms reported that 80% of their products are made by the top 10% of suppliers, while they source small amounts from the rest of the suppliers (2016 CSR report, Company D) and these relationships are likely to be arm's-length, where conversation and persuasion are not likely to work. Two respondents also acknowledged that this approach is only effective with a limited number of key suppliers:

'In Bangladesh, our top three suppliers are quite big. They have grown with [our organisation]. So we are a very large customer and we have been collaborating with them ever since we started going into Bangladesh. So here we have a lot of leverage. And we are not demanding or asking them to do specific things. We are having an open and honest and equal dialogue about how to improve things.'

'I think key suppliers, normally, they appear to be good also at CSR.'

The same applies to suppliers as well. Company F in our study, a Hong Kong-based supplier, remarks in its sustainability reported that it collaborates only with key clients (2016 Sustainability report, Company F). In the same sense, Company D reported in 2015 that they were making efforts to increase the average length of relationships with suppliers expecting better understandings of polices and improvements of practices (2015 CSR report, Company D).

Power asymmetry is more pronounced with relatively small buyer firms. Even though one of the firms in our study is a well-established and well-known brand, some of its larger suppliers consider it a small buyer, and it therefore has little power over them. As the director of sustainable business in Company A stated:

> *'The challenges are though [our firm] like many retailers has very few sites where we are the only or a very significant customer. In most sites we are one of many customers….'*

Similarly, one of our interviewees, a former ethical sourcing coordinator of Company C, stressed the difficulty of applying power:

> *'We are just a tiny company so we have to work with so many different brands to achieve some common goal.'*

For these firms overcoming power asymmetry and enforcing practices on suppliers can only happen if buyers using the same suppliers come together to collaborate, to increase the level of suppliers' dependence, and consequently exert leverage over them.

***Information asymmetry*.** Interviewees reported that generally suppliers have better and more information about what goes on in their factories than buyers, and critical information is often withheld. A number of factors cause this information asymmetry. Interviewees suggested that suppliers have an information advantage because of geographical distance and their unwillingness to share critical information. Respondents also frequently cited the cost associated with acquiring information. Our interviewees reported that buyer firms allocated limited budgets to CSR issues in the supply chain. For instance, the former ethical sourcing coordinator of Company C told us:

> *'Sometimes we want to visit the place and it's too far and we don't have enough budget, so we cannot go and talk to them. So it can lead to communication breakdown because we cannot communicate with them. It's too far. We cannot see them and we cannot see the farms and actual factories.'*

Physical distance generates problems even when a brand has power over a supplier. Most interviewees expressed concerns about short-burst audits and said they distrusted them, as they are considered to be little more than box-ticking exercises, with limited understanding of suppliers' day-to-day activities. The China representative of the TPO said:

> *'Audits will always be a snapshot of the day and it is not a tool for improvement, it is a tool for control. Not only are audits incapable of capturing actual practices, but also the results are sometime not trustworthy for deeply rooted, country-specific factors.'*

In addition to suppliers withholding information, interviewees reported that cultural issues lay behind some of the problems with information asymmetry. Most suppliers are based in Asian countries where people are more hesitant to give bad news, and in order to save face tend not to discuss what went wrong and what caused failures at suppliers' factories. The China representative of a TPO said:

> *'…[T]hat makes it more difficult to try and find causes and therefore come up with good solutions. So these are some of the challenges especially around issues around safety or worker conditions. ... We recommend [our] members not to do the social auditing repetitively. ... [A]uditing is very corrupted in China.'*

Data also suggest that both buyers and suppliers suffer from audit fatigue. Constrained by limited resources, buyer firms have to conduct audits on multiple suppliers' operations and at the same time suppliers have to go through several audits from multiple buyers. This creates additional costs at both ends. Individuals involved in audits are often bogged down with paper work, with little insight into the real working conditions of suppliers. One of the interviewees, the CSR programme manager of Company B, explains that this was the primary reason behind the company's decision to join industry-led coalitions such as the Sustainable Apparel Coalition (SAC) and SEDEX, which aim to avoid duplicate audits and to standardize the currently diverse codes (see Table 5.3). As he put it:

> *'Why are we all having our own audits? Why are some factories being audited 10–15 times a year? But the auditors, they have a checklist*

where 95% of the questions are the same. Why not have system where we all trust one type of audit and then leave the factories in peace to develop, instead of just taking days out of the calendar for audits so many times a year?'

5.4.2. Implementation

There is consensus among our interviewees that brands cannot solve labour issues in supply chains individually. They need assistance from a party that specializes in local contexts and specific issues. As a result, they need TPOs, either Non-Profit Organisations (NPOs) or NGOs, in the inter-firm alliance. The aim is to combine the brands' financial muscle with TPOs' knowledge and experience in dealing with these issues. As the CSR programme manager of a UK retailer noted, "It is about sharing. It's the key". And they acknowledge that this has to be different from conventional MSIs as one of the interviewees points out:

> *'Multi-stakeholder initiatives have achieved very little…Multi-stakeholder initiatives failed.'*

Brands have started collaborating in the form of a trilateral model, brand–competitors–TPOs, to overcome the inherent limitations of the bilateral approach and MSIs, creating platforms themselves where participating brands can complement each other targeting a single/ limited number of suppliers, countries, and issues. There is a strong belief that such joint approaches will ultimately address labour issues by coercing particular suppliers, industries, and even governments, into action. As the CSR programme manager of Company B noted:

> *'We will work with other brands. So we will find out if other brands are using the supplier as well. And then we will try to have a meeting with other brands and the supplier together. And then we will also ask an NGO to join because they are the third party and they can give some fair comments and they know a lot about that specific issue.'*

Tasks once performed by buyer firms are now allocated to TPOs. For instance, firms in our study partner with one TPO to carry out employee surveys at suppliers' factories. One of the interviewees explained that her organisation uses the services of the TPO whenever there is a need to obtain information directly from workers, to avoid workers being forced into cooperation or being manipulated by factory owners. The TPO has developed a platform to approach and contact workers outside factories, using text messages or landlines at home, to obtain a realistic picture of working conditions. Data are also collected via questionnaires sent via mobile phones provided by the TPO that are not accessible by suppliers' management. This may alleviate employees' concerns about retaliation from their employers. The director of the TPO argued that the brands that sign up for this service are those that are most dedicated to resolving issues. This service helps these brands to identify issues and put into place appropriate measures to address them, before they lead to major incidents.

Brands have also been working with multiple NGOs and NPOs when problems are observed in their supply chains. For example, when one of the firms in our study found out that children were employed in the manufacturing of clothes for its brand, instead of cancelling the contract or dissuading the supplier from using under-age workers, they asked a partner NGO to step in. Because of its expertise and embeddedness in the local institutional context, the NGO was able to provide a holistic solution that not only enables the children to go to school, but also supports the family for loss of income.

5.4.3. Implications

Representatives of firms in the alliance meet regularly to address the labour challenges and issues they face. The aim is to agree on common ways to approach these challenges and interact with one or multiple suppliers. The process is described by a TPO representative:

> *'They need to bring together all the brands sourcing from the same factory to deliver that message and use that leverage to influence their suppliers. So they need some kind of common action and consistency on issues. ... It's much stronger than only for example a small brand to deliver a single message to a single supplier. It's really to maximize the leverage of the whole industry to influence suppliers in a country.'*

Figure 5.3. Trilateral governance model

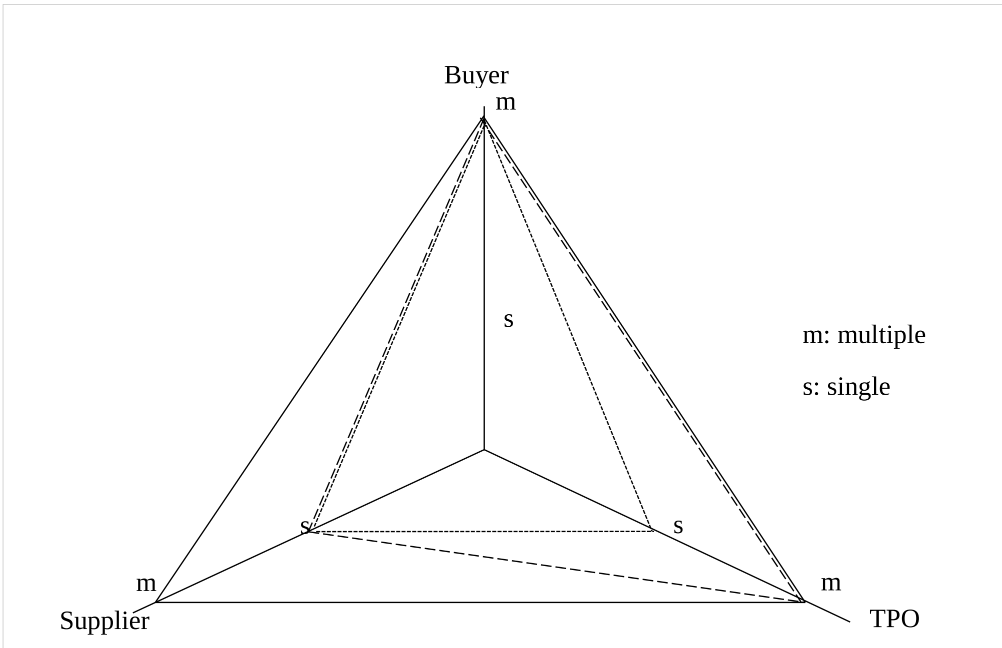


Figure 5.3 is a graphical depiction of the trilateral governance model. Social issues are complex, especially in multi-level global supply chains (Selsky & Parker, 2005)**.** Three-party initiatives involving multiple (m) buyers and single (s) or multiple (m) organisations on each side—suppliers and TPOs—could be a more effective way of tackling the issues, because a) they circumvent problems with limited or one-sided dependence between the participating organisations (Waddell, 2000); and b) they use the TPO's property of being an unbiased "bridging" organisation (Selsky & Parker, 2005).

One such example is Action, Collaboration, Transformation (ACT). Within this TPO, 17 international brands have decided to work collaboratively to address living wage issues in the garment industry. The role of the TPO here is to organize collaborative processes and carry out plans. The brands work together with the TPO and suppliers to improve the wage systems in the industry.

While ACT is the most recent full-scale tripartite collaboration and has a clear purpose and structure, there have already been similar collaborations. Industry leaders, including one of the firms in our study, came up with an idea to establish a platform where brands can share their audit information about suppliers and effectively reduce audit fatigue. As the head of responsible sourcing of Company A explains:

> *'We've got a problem of audit duplication, let's invite couple of other key retailers to help us how we address that. And that's what led us to the formation of SEDEX.'*

SEDEX is about more than just sharing information. It also helps brands join forces and put pressure on suppliers to improve conditions, as they now know who else is using the same suppliers. Again, the head of responsible sourcing of Company A said:

> *'If it's an expensive change, it's not easy to influence that if the expensive change is going to be significantly more than the profit they are going to make on making the product. So that's why we work with the organisations like SEDEX where you can get other purchasers who also purchasing from that same site to perhaps influence the owner to make the change.'*

The power of coalitions does not stop at influencing suppliers. Sometimes problems do not simply lie with one particular supplier, but within the underpinning institutional characteristics of the country in which it is based. In such cases, one further role of the coalition is to lobby governments and NGOs to accomplish its goal. All of the brands that we interviewed confirmed and emphasized the importance of their coalition in influencing a range of stakeholders in their suppliers' home countries. The CSR manager of Company A noted:

> *'If a coalition that is representing a large part of the country's export goes to the government of course they can't and will not just act exactly as industry is telling them but it has of course some influence on how they will make decisions in the future. ... We have co-signed letters to the Bangladeshi government. I know the delegations have gone there also with brand representatives, and the minimum wage has been raised. I think 60% or something. Of course then everything else also gets more expensive. House rent, food, everything. But it has an influence, of course it has that.'*

Similarly, the CSR programme manager of Company B and the head of sustainable business of Company A told us:

> *'If you look at collaboration, as brands, who has economic power? The brands. We do. We have the money; we have the resource; we are the catalyst to make this happen. If we come together, strategically, collaboratively. How many billions do you think the brands source from the countries? You think they don't have influence, leverage? Of course, they do.'*

> *'We learn together, we increasingly work together, … so together we are stronger.'*

After the Rana Plaza factory collapse in Bangladesh in 2013, brands in developed countries developed the International Accord on Fire and Building Safety (The Accord). This legally binding agreement brings brands, retailers, and trade unions together and mandates public disclosure of factory inspection reports and subsequent remediation (Reinecke & Donaghey, 2015). The CSR manager of Company B commented:

> *'Think about, for example, fire and building safety, obviously, that's really important. We are very, very involved in The Accord. We see that as being a fundamental shift in the right direction. The fact that brands and everybody else has come together. You know, 170 brands now signed. Look at the impact it has. It's been amazing. You know The Accord is the model. It's the model that we all now need to replicate on all the other issues. … What I am saying is things can change. If you really want to you can change. What it requires is brands come together, sit down with the global union.'*

5.4.4. Challenges

Our data suggest that the tripartite model is not without its problems. The key challenge of the inter-firm–TPO alliance is balancing confidentiality with appropriate disclosure of competitive information such as price structures and product quality. Buyer firms negotiate different contracts with suppliers. This affects the level of information sharing between buyer firms. As a former ethical sourcing coordinator of Company C put it:

> *'And actually the difficult thing is with other businesses, we cannot share everything with each other. There's always this question, "How much should we share with other brands?" It creates difficulty in achieving a common goal of trying to be more sustainable or environmentally friendly, or more ethical. So that's the challenge.'*

Differences in the expectations of brands joining the coalition pose another major challenge. Those at the higher end with large margins are willing to tolerate an increase in labour costs, while those with low margins are more sensitive to increases in the cost of labour. These differences tend to drive firms in the coalition toward the lower standards, as a CSR programme manager of Company B observed:

> *'Because you've got 10 companies in a room and five of them want to do something good, three of them say, "Okay, whatever," and one of them only wants to do this much. You can only do as much as the one that says "I wanna do this much." So they only do what the lowest wants.'*

5.5. Discussion

Given the significant impact of negative publicity that can result from labour-related issues in the supply chain, firms, especially those engaged in offshore outsourcing, are finding new ways to ensure that their suppliers' activities are consistent with buyer stakeholder expectations, expressed in policies and procedures. Anecdotal evidence suggests that firms are increasingly moving from a paradigm of coercion of individual suppliers toward one characterized by collaboration with competitors and TPOs. But to date there have not been many academic studies of this particular collaborative model.

In this paper we have explored the reasons why firms from developed countries and their suppliers in developing countries choose trilateral governance, the use of a coalition of competitor firms and/or third-party organisations, to alleviate negative labour conditions in sourcing factories. We found that buyer firms (brands) consider trilateral governance offers clear benefits for addressing labour issues at suppliers' factories. They see significant evidence that neither the previous arm's-length, top-down approach of coercion nor the trust-based cooperative approach effectively addresses the underlying causes of the problem.

The bilateral governance models are bounded by several limitations. First, the trust-based cooperative approach is theoretically the best option for firms in managing labour issues with suppliers as cooperation leads to less monitoring, more compliance, and enhanced performance outcomes (Dyer & Singh, 1998; Uzzi, 1997). Yet, in practice, our analysis suggests that firms, at least those in the retail industry, are not capable of developing such relationships with all suppliers due to the high number of suppliers with short contract periods or small sourcing amounts. Our analysis shows they only can maintain such relationships with a small number of key suppliers.

As RDT suggests the relative power, the mainspring of enforcement and compliance in a top-down approach, is based on the level of dependence (Emerson, 1962). Theoretically, the top-down approach is only effective when the buyer is less dependence and therefore possesses more power, and empirically, this study confirms that serious labour issues are likely to occur when the level of suppliers' dependence is low.

Horizontal inter-firm alliances not only help to exchange knowledge and develop best practices, but are also a more effective means of coercing suppliers into action and instigating their cooperation, because of greater bargaining power and the reduction of costs due to fewer audits. This confirms the main argument of RDT that the increased leverage of buyers over shared supplier(s) will increase the levels of dependence and compliance of the supplier(s) (Hoejmose, Grosvold, & Millington, 2013). This is an extension of RDT as it is now applied to more than just two participants in a relationship, and the theory is used in explaining collective coercion that involve multiple participants rather than simple dyadic coercion.

Our study further suggests that one specific advantage of inter-firm–TPO alliances is to stimulate discussion and knowledge-sharing among buyer firms. This can result in the pooling of resources to address labour issues. From the buyer firm perspective, the collective coercive approach helps to push through uniform regulations and standards, which reduces suppliers' ability to resist buyer firms' demands, but at the same time heightens suppliers' perceived sense of unfairness. Thus, coercion is likely to provoke invisible resistance from suppliers. For example, because of fear of retaliation or termination of contracts, instead of engaging openly in discussions of buyer firms' demands that would benefit both parties, suppliers may revert to well-documented window-dressing strategies. And this is the reason why we would call this approach as the second-best. This calls for further research to examine the real impact of the emerging paradigm on labour practices at suppliers' factories.

Our interviewees did not have coherent policies to address the underlying causes of labour issues in the supply chain, beyond lobbying key stakeholders, such as local governments, persuasion, collaboration with suppliers, collective threats, and forceful coercion. The question of the extent to which collaboration and coercion mechanisms can really be distinguished from each other provides an interesting avenue for future theoretical and empirical research. We would expect collective coercion to weaken collaboration. Furthermore suppliers could counteract increased dependence on buyer firms by moving up the value chain and becoming direct competitors. An increase in disposable income in emerging economies is already making major suppliers in developing countries less reliant on western markets, and some suppliers are increasingly producing and selling their own branded goods (Wan & Wu, 2017). The shifting paradigm we describe may not be without downside risks.

We observe that the new paradigm will enable buyer firms to conduct more frequent and thorough visits/audits, but the practicality of implementing collective coercion remains unclear because suppliers may be reluctant to cooperate. Furthermore, the participation of TPOs gives employees at supplier factories a chance to become directly involved in audits, which may provide more accurate information about labour practices. But this may not necessarily result in improvement in workers' conditions. The problem of enforcement remains, due to the challenges we identify here, namely information asymmetry and institutional and physical distance between buyer firms and their suppliers. One of the major shortcomings of the new paradigm is that it does not address the underlying causes of labour issues in supply chains. At the same time we believe it may not be within the power of even a collective of firms to overhaul local regulations and their enforcement or other institutional features of countries like Bangladesh.

Like any empirical work, our study has some limitations. We deliberately chose to undertake an exploratory study, which means it is hard to generalise the findings to a wider population. Furthermore, because there is still only limited evidence about the effectiveness of the new approach, we focused more on the principles of this shifting paradigm, rather than its detailed practices. We believe there is room for more structured and larger-scale research efforts. For instance, it could be helpful to survey a larger number of firms on their use of bilateral versus trilateral governance mechanisms, and how this relates to CSR outcomes.

5.6. Conclusion

Labour issues in global supply chains have remained unresolved for some decades now, considering that Nike faced sweatshop scandals back in the 1970s and the Rana Plaza factory collapse in Bangladesh occurred as recently as 2013. In this study we have sought to identify some root causes of failure in bilateral governance, and the extent to which a trilateral governance approach offers more practical and effective solutions to these issues. Our findings suggest, perhaps surprisingly, that suppliers' dependence on a relationship matters rather more than the level of buyer dependence. Furthermore, interviews with practitioners suggest that a coercive trilateral approach through inter-firm–TPO alliances can potentially provide better solutions, because it increases supplier dependence in relationships, leads to more effective supplier relationship management, and may eventually enable higher levels of compliance.

Appendix 5.1. Interview guidelines and questions

Introduction

- Could you please tell me about your role in [organisation name]?

Motivation

- How has CSR become one of the top corporate agenda of [organisation name]? Was it more from external expectations (e.g. legal systems, NGOs, stakeholders including buyers) or from internal managerial decision (e.g. top-down/ bottom-up)?
- How important do you think is responsible sourcing in your organisation compared to other agenda?
- What do you think makes [organisation name]'s CSR initiative different from the initiatives of other manufacturing companies?

Institutions

- Could you please name some of the countries where your suppliers are located in?
- Do you find it more difficult to control suppliers in more distant countries in terms of location, regulation, culture? If so, why is that so?
- Based on your experience, how the differences between countries affect your efforts to maintain a desirable CSR level in offshore suppliers' operations? Could you provide me with some examples?
- Do you find the bigger the differences/ the wider the distance, the harder the alignment? Any example?

Resources

- What kind of CSR related infrastructures do you expect from your suppliers especially when you select new ones?
- Could you explain how you check the internal information?

Stakeholders

- Who do you think are influential stakeholders in and outside of your supply chain that affect CSR policies and practices?

Dependence

- To what extent do you think your suppliers are substitutable? How easy is replacement?
- Do you always have influence on your suppliers about what they do in terms of CSR? Or sometimes it is hard for you to enforce some policies? Could you explain in what kind of relationships it is particularly hard?

Governance

- How do you investigate your suppliers' behaviour?
- How useful are your monitoring systems?
- Could you tell me if your monitoring systems go through tier2, 3 suppliers as well?
- How do you cope with any violence or breaches done by its suppliers?
- How effective do you find those sanctions are?
- I found that there happened some contract cancellations from your annual CSR report; from your experience, what mostly leads to contract cancellation?

Cooperation

- Do you have any example of any suppliers stayed in your supply chain particularly longer than the others? Why do you think thy stay longer?
- How do you think trust is established in a relationship? Could you give some examples where trust was built in that way?
- Could you please give an example where trust led to better CSR outcomes?
- Which one do you think is more effective in terms of maintaining a desirable CSR level, strict governance or trust?

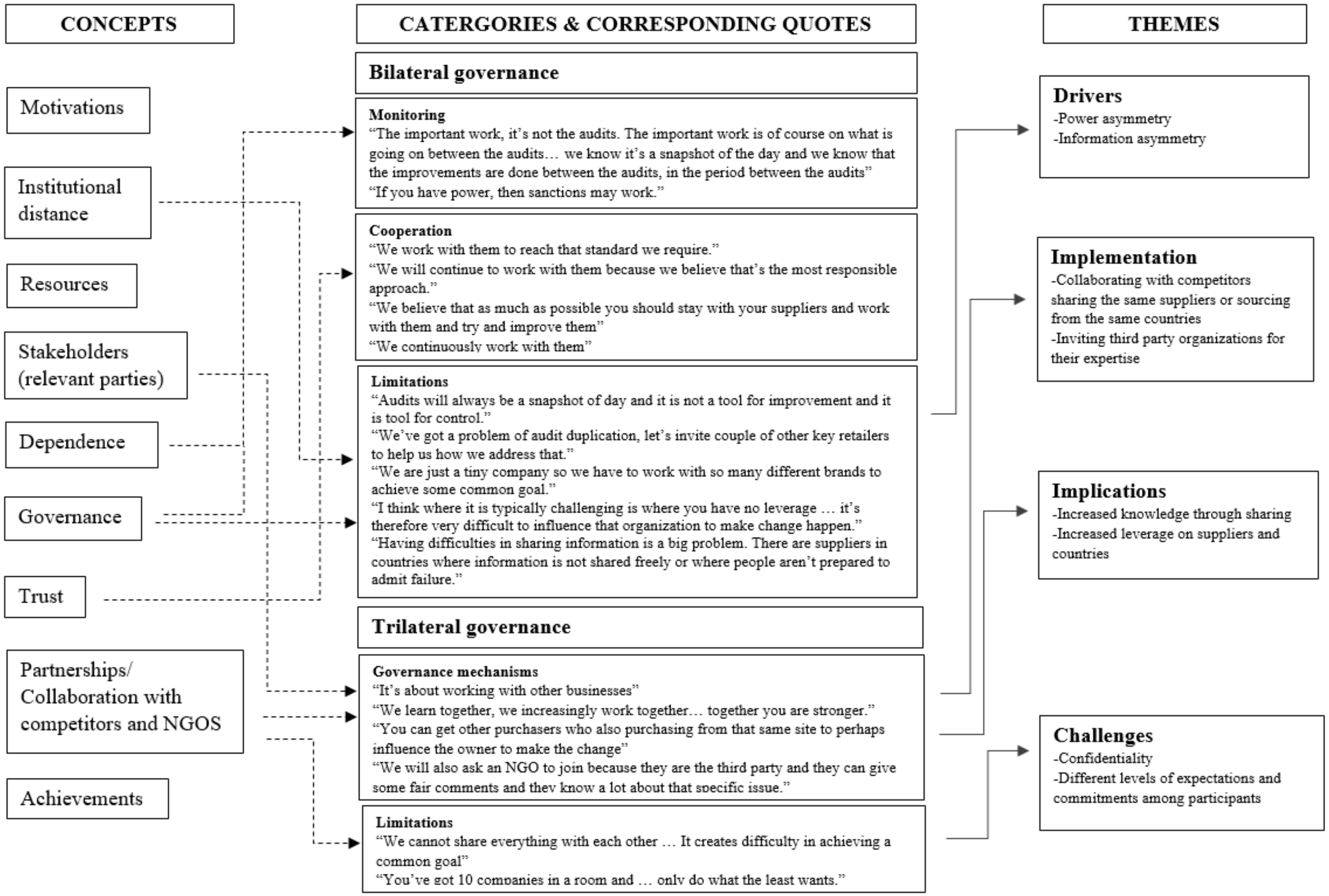
Trilateral governance

- Could you explain about the collaborations you have joined? And could you explain what are the motivations for such participation.
- Do you think such collaboration would be one of the best solutions that you have as brands in developed countries?
- The strategy of this collaboration, do you think the larger or having very specific target better?
- Do you see the effectiveness of the collaborations already?
- Do you experience/ foresee any difficulties as a participant of such collaboration?

Achievement

- Among the improvements in terms of CSR practices of [organisation name], what do you think have been the greatest improvements so far and what has been the most effective driver to the achievements?
- What do you still see as challenges and what are you doing to address labour issues in global supply chains?

Appendix 5.2. Data analysis process



Chapter 6 CONCLUSION

6.1. Summary of Findings

This thesis systematically studies the mechanisms that explain CSR outcomes in offshore outsourcing relationships. In doing so, it also provides insights on how to minimize CSR failures rather than optimizing CSR performance in the context. Considering the complexity of the subject matter and the lack of methodical approaches in understanding it, the thesis presents three papers that study this phenomenon at different levels taking different approaches. Paper 1 conceptually grasps the phenomenon at/cross institutional and inter-organisational levels while Paper 2 empirically and quantitatively examines direct effects and interactions of organisational level factors including visibility, prior media reporting and attention to explain CSR failure defined as CSiR reported by the media. As a qualitative research paper, Paper 3 investigates the subject matter focusing on collaborations and dynamics among organisations involved and demonstrates how/why collaboration with other organisations including competitors, TPOs as well as suppliers has potential to improve CSR outcomes.

Paper 1 sheds light on cross-border IORs by seeking to answer the question of what the theoretical explanations on CSR failure in offshore outsourcing are. Establishing a theoretical framework has not been a particular focus in this field (Brandenburg et al., 2014) despite the high degree of complication and the number of relevant levels that require a thorough conceptual approach. Guided by institutional theory and RDT, the conceptual framework proposes that institutional level and inter-organisational level factors play major roles in determining CSR outcomes in the context of offshore outsourcing. Institutional distance increases the likelihood of CSR failure in offshore outsourcing relationships while dependence and cooperation between buyer and supplier are negatively associated with CSR failure. More importantly, the study proposes interactions between institutional distance and IORs. Cooperation in a relationship negatively moderates the positive relationship between institutional distance and CSR failure. Counterintuitively, on the other hand, dependence from suppliers positively moderates the relationship between institutional distance and CSR failure. With the existence of institutional distance, higher dependence leads to more CSR failure mainly due to increased costs, time and efforts to improve practices to the level that is required by the advanced institution and desperation to maintain relationships. Therefore, dependent suppliers facing institutional distance are more tempted to window-dress rather than make actual changes in their practices.

Paper 2 brings the discussion onto the organisational level and empirically tests hypotheses established with firm level elements. The research question of *what drives media reporting on perceived corporate social irresponsibility originating from offshore outsourcing?* seeks comprehension of a mechanism that explicates a more specific kind of CSR failure, CSiR exposed by the media. Acknowledging that the field of study has experienced a shortage of quantitative research (Harms et al., 2013), I attempted to figure out a way to quantitatively study the phenomenon.

The key hypotheses of the paper are based on the central premise that attention-based view of the firm that maintains organisational attention is a scarce and limited resource, and therefore, attention is inevitably selective (Cyert & March, 1963; Ocasio, 1997). Once an issue catches organisational attention, it is allocated with resources (Surroca et al., 2016), receives faster responses (Nadkarni & Barr, 2008), and provided with solutions (Sullivan, 2010). Hence, the paper hypothesizes that in-depth attention is negatively associated with the level of media reporting on CSiR from offshore outsourcing while organisational attention that is distributed to different aspects rather increases the level of media reporting. And these two hypotheses are strongly supported in the empirical test conducted with an extensive longitudinal data. The paper has two baseline expectations: positive associations of v*isibility* and *prior media reporting* with *later media reporting*: 1) more visible firms will be more likely to be covered by the media on irresponsible practices in offshore operations run by their suppliers (Rehbein, Waddock, & Graves, 2004; Zyglidopoulos et al., 2012); firms with previous media reporting on similar issues are more likely to be covered again by the media (Chiu & Sharfman, 2011; Coombs & Holladay, 1996). The empirical test proves a negative interaction between organisational attention and prior media reporting. The finding implies that for the firms with intense prior media reporting, both in-depth and broad attention can effectively reduce further media reporting. That is, unlike the firms with clean pasts, firms with previous negative media reporting should be deeply focused and vigilant of potential issues simultaneously.

While frameworks and findings in Paper 1 and 2 are generalizable to a broader population of firms that engage in offshore outsourcing operations, Paper 3 tries to have a closer look at the phenomenon within a more specific context. It looks at the retail sector and examines factors and actors involved in CSR matters in supply chains and the roles they play. Through interviews with CSR practitioners of UK and Danish retail firms, and mainly informed by RDT, the paper examines a shifting paradigm from dyadic to trilateral governance, and provides conceptual and empirical explanations for why this model is a way to circumvent information and power asymmetry in buyer-supplier relationships. Firms engaging in trilateral governance can take advantage of an increased leverage on shared suppliers and even on governments. Considering the fact that it is sometimes countries and their institutions rather than individual suppliers that cause fundamental issues, buyers sourcing from same countries collaborate and put pressure on the governments. TPOs involved in/ invited to this type of governance work as an arbitrator to intermediate idiosyncratic interests and different levels of commitments of buyers. The study implies that trilateral governance is capable of complementing bilateral governance when cooperation and enforcement within a dyadic framework is no longer a viable option.

6.2. Contributions

This thesis provides several important contributions to the study of CSR in supply chains. Firstly, it provides a more comprehensive understanding of the mechanisms explaining the phenomenon of CSR failure from offshore outsourcing at/cross different levels. As the literature review demonstrated, the extant literature is centred around answering the questions starting with what and why e.g. *What has happened? Why are the issues happening? What has been done to address the issues?* However, by discovering these mechanisms, this thesis answers the question of how: *How can we explain the CSR performance outcomes in offshore outsourcing contexts? How do the relevant factors and actors interact and influence CSR outcomes?* Reflecting on the complicated, multi-level context of offshore outsourcing and normative characteristics of CSR, the thesis uses multiple theories at/across multiple levels.

Although institutional distance and factors in IORs have already been considered critical elements in cross-border inter-organisational relationships, their interactions have been underexplored especially in understanding performance outcomes from buyer-supplier relationships. Paper 1 provides how IORs moderate institutional distance and inter-organisational differences. In doing so, the paper ultimately enables a prediction of performance outcomes from the particular type of relationship. Paper 2 used the attention-based view to explain CSR performances. Although attention has been considered to be a critical factor in understanding a firm's decision-making processes in organisation studies (Sullivan, 2010) and CSR is one such strategic decisions that requisitely involve organisational attention, attention-based view has not been much used in understanding CSR. Hence, this paper contributes to the CSR literature by bringing in attention as a key explanatory factor and a mechanism that formulates firm strategies and performance outcomes by reflecting internal and external conditions simultaneously. It also contributes to extending the discourses on ABV through theorizing and empirically testing organisational attention in its depth and breadth. The findings not only confirm the main arguments of ABV that focused attention rather than distracted attention improves performances, but also provide a new insight that broad attention contributes to performance improvement with a certain condition, prior media reporting in our research. The two papers fulfil not only the practical urgency of the subject matter driven by increasing expectations and pressures from stakeholders, but also academic urgency created by piecemeal approaches that lack theoretical lens and have limited generalizability.

Second, the thesis adopts diverse approaches in investigating the mechanisms leading to the phenomenon. Although there is an increasing academic interest in CSR in supply chains, the majority of the published works are qualitative studies based on anecdotal cases or interviews. The field of study significantly lacks conceptual works and quantitative researches that offer findings applicable to a wider population (Brandenburg et al., 2014; Harms et al., 2013). In the Paper 1, a theoretical framework was developed to achieve a comprehensive understanding of CSR outcomes in offshore outsourcing and the framework was guided by multiple theories: institutional theory, RDT and relational view. The theories played individually before are now seen to be working conjointly. As one of the few endeavours comprehending the phenomenon theoretically, the paper makes a significant contribution to the field by providing one thorough and comprehensive conceptual framework. Paper 2 also has its contribution to the CSR and CSR in supply chain literature by suggesting an original way to measure CSR/CSiR performance in a quantitative way. There has been a lack of quantitative research and this will broaden the field through an application of a new method that can be replicated so that findings can be generalized. Paper 3 is an exploratory study that pioneers a shifting paradigm in the field, to a trilateral governance. It does not stop at simply describing the new phenomenon but elucidates when it is necessary to look beyond bilateral governance and the mechanism through which trilateral governance works.

CSR literature also benefits from this thesis. Extant studies have focused on definitions of CSR (e.g. Bowen, 1953; Carroll, 1999; Dahlsrud, 2008), drivers to CSR (e.g. Campbell, 2007; Freeman, 1984; Mcwilliams & Siegel, 2001), the relation between CSR performance and other types of firm performance (e.g. Griffin & Mahon, 1997; Mcwilliams & Siegel, 2000). CSR has been often considered as a means to achieve more traditional corporate goals such as enhanced financial performance (e.g. Lev et al., 2010; Saeidi et al., 2015). However, this study looks at CSR as an outcome, not as one of the determinants of other types of firm performances considering the ever-increasing interest in firm CSR performance from stakeholders. Studies in this study put CSR as a dependent variable and attempts to comprehend internal and external factors leading to certain CSR outcomes. Furthermore, the research specifically focuses on CSR failure rather than CSR performance in general. Due to (potential) reputational damages companies experience for CSR failure, minimizing failure rather than optimizing performance comes first to the minds of practitioners. Also, for established firms the advantages of being best-in-class in CSR may be limited. In spite of the practical significance of preventing CSR failure, it has been an underexplored subject and this study contributes to the CSR literature by putting its emphasis on CSR failure and enabling prediction and prevention of such failure.

This study makes a contribution to offshore outsourcing literature as well. The offshore outsourcing discourses have mainly concentrated on performance outcomes in terms of cost reduction (Ellram et al., 2008; Gilley & Rasheed, 2000) and innovation outcomes (Bertrand & Mol, 2013). Yet, there is an emerging stream of discussion concerned with social and environmental issues caused by offshore outsourcing decisions (Gray et al., 2017; Park & Hollinshead, 2011). CSR in supply chains has been studied for a few decades now (Maloni & Brown, 2006) but there has been no proper attempt to comprehensively and theoretically understand the fundamental reasons for failures in practicing CSR particularly in the context of offshore outsourcing. Moreover, due to the lack of conceptual/ theoretical comprehension of the contextual peculiarities, there still exists confusion in defining the context of studies and some do not clearly differentiate domestic suppliers from overseas suppliers although the dynamics in different contexts can be considerably different (e.g. Pagell & Wu, 2009; Wiese & Toporowski, 2013). Hence, this thesis starts by clearly differentiating the different governance modes, domestic outsourcing, offshore outsourcing, offshoring, and analyses the factors leading to CSiR in offshore outsourcing contexts. The studies in this thesis contribute to the existing body of knowledge by providing a conceptual and empirical rationale for why CSR should be seen as an unexpected and hidden cost of offshore outsourcing.

Table 6.1 presents findings, implications, and contributions that each paper makes.

Table 6.1. Summary of papers: research questions, findings, and contributions

Papers	Research Questions	Findings/ Implications	Contributions
Paper 1	How do inter-organisational relations, institutional distance, and their interaction help to explain CSR failure?	- CSR performance outcomes in offshore outsourcing relationships are the outcomes of interactions between institutional distance, interorganisational differences in interorganisational governance mechanisms.	1. To CSR literature: Considering CSR as an outcome. 2. Emphasizing CSR failure (rather than CSR performance in general). 3. To offshore outsourcing literature: Adding CSR as a hidden cost of offshore outsourcing. 4. To IB literature: Increasing understanding of cross-border inter-organisational relationships by presenting interactions between institutions and inter-organisational relations.
Paper 2	What determines the level of media reporting on perceived CSiR originating from offshore outsourcing?	- In-depth attention to CSR has a negative association with media reporting on CSiR in OO. - Broad attention has a positive association with media reporting on CSiR in OO. - The relationship between prior media reporting and later media reporting on CSiR in OO is negatively moderated by both in-depth and broad attention.	1. Inviting ABV to the CSR discussion. 2. Separating out the two dimensions of attention: depth & breadth (confirm the traditional belief and extend existing knowledge). 3. Suggesting an alternative way of measuring CSR/ CSiR.
Paper 3	Why do buyer firms from developed countries and their suppliers in developing countries in the garment industry use trilateral governance?	- Power asymmetry and information asymmetry: major drivers to a trilateral governance. - Trilateral governance enables to share information and increase leverage on suppliers and national institutions.	1. Providing a realistic picture of CSR management in offshore outsourcing context. 2. Pioneering the relatively less explored field of study. 3. Adding a complementary solution to the existing ones. 4. Extending the use of resource dependence theory.

6.3. Practical Implications

The findings from the papers in this thesis have significant practical implications since they are geared towards what practitioners actually care about, CSR failure. The three papers acknowledge conditional elements that are given to the firms engaging in offshore outsourcing and prove that proactive involvement is the key to overcome the conditional challenges. In this sense, although the focus of the thesis is CSR failures, the implications for practice are not necessarily negative and rather positive as the thesis provides insights that can potentially help to reduce CSR failure.

To be specific, the findings suggest that there are inherent difficulties in the context of offshore outsourcing, *institutional distance* and *organisational differences*, as well as firm level conditional factors, *visibility* and *prior media reporting*. However, outcomes can change when organisations and managers are willing to reduce the difficulties by proactively engaging in the particular issues they face and managing IORs. The strategies suggested in the papers include collaboration with relevant parties outside as well as inside supply chains. Also, strategically focused attention rather than distributed attention is usually more effective in reducing CSiR and media reporting on CSiR although firms with prior media reporting need to be equipped with both intense and vigilant attention.

The proposed strategies in this thesis help to attenuate and minimize the negative effects of inter-organisational and cross-national differences on CSR in offshore outsourcing. When an organisation's strategic decisions and moves are depend on their ability of prediction (Durand, 2003), the findings enable prediction of CSR performance outcomes by introducing the mechanisms how contextual conditions and strategic actions interact, suggesting that CSR outcomes in offshore outsourcing is a battle that firms should fight continuously.

6.4. Limitations and Future Research

The thesis inevitably carries some limitations. While covering the most relevant levels of analysis in individual papers, the thesis overlooks some potentially critical levels: individual and industry levels. Considering the fact that sometimes CSR decisions are made solely by (top) individual managers, their intentions and motivations could be an important data for understanding a firm's CSR strategies (Christensen et al., 2014; Hemingway & Maclagan, 2004; Petrenko et al., 2016; Swanson, 2008). But studies in this thesis assume that managers' personal motives and decisions are embedded in organisational level strategic choices and actions. Paper 2 examines attention, but measures it at a more aggregated level, not at a micro level. The study shares the view of the Carnegie school that organisational outcomes are reconciliation of individual managers actions (Gavetti, Levinthal, & Ocasio, 2007; March & Simon, 1958). It is also the case that none of the papers explicitly take industry level factors into consideration. Firms often make decisions and strategies driven by industry isomorphism (Wanderley et al., 2008) and this is not considered as a separate level in the studies. Paper 1 assumes such elements are embedded in firm level factors, Paper 2 controls for sectors in its statistical analysis, and Paper 3 only looks at the retail industry.

There are empirical limitations as well. First of all, the conceptual framework proposed in Paper 1 is not empirically tested in this thesis mainly due to the limited doctoral time frame. Also, the text analyses conducted in Paper 2 were limited to counting the total number of media articles and calculating the proportions allocated to the subject matter in CSR/annual reports. The data are not extended to quantifying the levels of commitment to individual CSR aspects in the reports, and the numbers of media articles on different types of CSR issues. Paper 3 is also limited by the absence of rich interview data. The data were collected from 2014 to 2016, right after the factory collapse in Bangladesh. Firms and CSR managers became extremely cautious due to potential additional damages to their reputations. Hence, most of the interviewees wanted to be anonymized and reluctant to provide sensitive information. Although I managed to execute some quality interviews with key practitioners, the data was supplemented with secondary data.

Future research could address these limitations. The propositions in the conceptual framework could be tested empirically. There are widely accepted and applied ways to measure institutional distance (Berry et al., 2010; Hofstede, 1983), and CSR/ CSiR performance could also be measured by using survey data or by adopting the method applied in Paper 2. Inter-organisational level factors including levels of dependency and cooperation could be measured by survey methods. Given that most of the extant studies are conducted with the data collected from buyers in developed countries that only reflects buyers' perspectives (Li et al., 2017), it will be of much interest to test the propositions with survey data obtained from suppliers. This would be a contribution to the literature by providing a new insight of how suppliers' perception of inter-organisational relationships affects and moderates CSR performance outcomes in offshore outsourcing relationships.

ABV is used in Paper 2, but examining the way an agenda catches attention is beyond the scope of the paper. As it is an underexplored area of research (Nadkarni & Barr, 2008; Sullivan, 2010), one promising research topic would be to provide a mechanism that explains the process of how CSR, especially CSR in (global) supply chains, is selected among other competing agenda and occupies organisational attention. More specifically, a study could look into whether CSR is attended to through top-down or bottom-up processes in organisations. This could be of interest since, unlike general attention to CSR, the specific issue might be a concern for middle managers or managers at lower levels that are directly involved in relevant business functions. Furthermore, another study could be conducted in this realm by examining how attention is reflected on practices across individual hierarchical levels in an organisation. This research could be conducted through survey measures, intensive interviews or participant observations.

Future research can take advantage of the versatility of the data collection method used in Paper 2, and extend the present research. As already acknowledged, the quantitative research in this thesis has its limitation of not differentiating aspects of CSR covered in news articles and in annual/CSR reports, future research can include variables such as the numbers of news articles covering different aspects of CSR and the amounts/ proportions in CSR/ annual reports allocated to respective aspects. The research could be about investigating whether the commitment to a certain aspect leads to less of failure in the particular aspect. Additionally, as the present research only looks at negative news articles, future research can extend the data by including positive news articles about positive events. And using more advanced text analysis technologies (e.g. DICTION, Python), it could analyze nuances (e.g. positive, negative, neutral) of the text and extend the findings.

Also, the effectiveness of the new governance model introduced in Paper 3 can be examined with an extensive amount of data. Studies on multi-stakeholder initiatives have been relatively underexplored and remaining rather descriptive. Considering that there are diverse forms of multi-stakeholder initiatives, focusing on the particular form of trilateral governance that involves competitors, third party organisations, and supplier(s) around specific issues, and empirically testing its mechanisms and effectiveness could be an interesting and promising research topic. Researchers could conduct surveys or focused interviews and investigate how participants assess their experiences with this new approach.

6.5. Concluding Remarks

The thesis examines the phenomenon of CSR failure in offshore outsourcing relationships from the mechanisms leading to the outcomes through to a shifting paradigm in an effort to address existing problems. It adopts diverse methods and approaches designed to tackle specific research questions: a theoretical approach, a quantitative study and a qualitative piece of research. The conceptual paper and the quantitative paper suggest that, considering contextual challenges that are given and hardly changeable, firms should make purposeful and proactive efforts to overcome the challenges (Abdi & Aulakh, 2017, p.773), and one of the detailed strategies is suggested in the qualitative paper. As the findings of this thesis imply, CSR in supply chains is a complicated matter entangled in and across diverse factors across different levels. The thesis takes a critical step to a thorough disentanglement of this complex subject. It yields new insights that make predictions of CSR outcomes in offshore outsourcing possible and a wealth of insights for further research that will amplify the knowledge in this burgeoning field.

REFERENCES

Abbott, W. F., & Monsen, R. J. (1979). On the measurement of corporate social responsibility: Self-reported disclosures as a method of measuring corporate social involvement. *Academy of Management Journal*, *22*(3), 501–515.

Abdi, M., & Aulakh, P. S. (2014). Locus of uncertainty and the relationship between contractual and relational governance in cross-border interfirm relationships. *Journal of Management*, *43*(3), 771–803.

Abramovsky, L., & Griffith, R. (2006). Outsourcing and offshoring of business services: How important is ICT? *Journal of the European Economic Association*, *4*(2–3), 594–601.

Agle, B. R., Mitchell, R. K., & Sonnenfeld, J. A. (1999). Who matters to CEOs? An investigation of stakeholder attributes and salience, corporate performance, and CEO values. *Academy of Management Journal*, *42*(5), 507–525.

Aguilera-Caracuel, J., Aragón-Correa, J. A., & Hurtado-Torres, N. E. (2012). The effects of institutional distance and headquarters' financial performance on the generation of environmental standards in multinational companies. *Journal of Business Ethics*, *105*(4), 461–474.

Aguilera, R. V., Rupp, D. E., Williams, C. a., & Ganapathi, J. (2007). Putting the s back in corporate social responsibility: A multilevel theory of social change in organisations. *Academy of Management Review*, *32*(3), 836–863.

Aguinis, H., & Glavas, A. (2012). What we know and don't know about corporate social responsibility: a review and research agenda. *Journal of Management*, *38*(4), 932–968.

Albareda, L. (2013). CSR governance innovation: Standard competition-collaboration dynamic. *Corporate Governance*, *13*(5), 551–568.

Alexander, P. (2015). *Corporate social irresponsibility*. London: Routledge.

Ali, W., Frynas, J. G., & Mahmood, Z. (2017). Determinants of corporate social responsibility (CSR) disclosure in developed and developing countries: A literature review. *Corporate Social Responsibility and Environmental Management*, *24*, 273–294.

Amaeshi, K., Adegbite, E., & Rajwani, T. (2016). Corporate social responsibility in challenging and non-enabling institutional contexts: Do institutional voids matter ? *Journal of Business Ethics*, *134*, 135–153.

Amaeshi, K. M., Osuji, O. K., & Nnodim, P. (2008). Corporate social responsibility in supply chains of global brands: A boundaryless responsibility? Clarifications, exceptions and implications. *Journal of Business Ethics*, *81*, 223–234.

An, Y., Davey, H., & Eggleton, I. R. C. (2011). Towards a comprehensive theoretical framework for voluntary IC disclosure. *Journal of Intellectual Capital*, *12*(4), 571–585.

Andersen, M., & Skjoett-Larsen, T. (2009). Corporate social responsibility in global supply chains. *International Journal of Life Cycle Assessment*, *14*(2), 75–86.

Andersson, U., Cuervo-Cazurra, A., & Nielsen, B. B. (2014). From the editors: Explaining interaction effects within and across levels of analysis. *Journal of International Business Studies*, *45*, 1063–1071.

Aragón-Correa, J. A., Matías-Reche, F., & Senise-Barrio, M. E. (2004). Managerial discretion and corporate commitment to the natural environment. *Journal of Business Research*, *57*(9), 964–975.

Archer, M., Decoteau, C., Gorski, P., Little, D., Porpora, D., Rutzou, T., … Vandenberghe, F. (2016). PERSPECTIVES critical realism. *ASA Theory*.

Argyres, N., & Mayer, K. J. (2007). Contract Design as a firm capability: an integration of learning and transaction cost perspectives. *Academy of Management Review*, *32*(4), 1060–1077.

Arlow, P., & Gannon, M. J. (1982). Social responsiveness, corporate structure, and economic performance. *Academy of Management Review*, *7*(2), 235–241.

Arnold, U. (2000). New dimensions of outsourcing: a combination of transaction cost economics and the core competencies concept. *European Journal of Purchasing & Supply Management*, *6*, 23–29.

Arvidsson, S. (2010). Communication of corporate social responsibility: A study of the views of management teams in large companies. *Journal of Business Ethics*, *96*(3), 339–354.

Ashforth, B. E., & Gibbs, B. W. (1990). The double-edge of organisational legitimation. *Organisation Science*, *1*(2), 177–195.

Atrek, B., Marcone, M. R., Gregori, G. L., Temperini, V., & Moscatelli, L. (2014). Relationship quality in supply chain management: A dyad perspective. *Ege Academic Review*, *14*(3), 371–381.

Aupperle, K. E., Carroll, a. B., & Hatfield, J. D. (1985). An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, *28*(2), 446–463.

Aveni, R. A. D., & Macmitlan, I. C. (1990). Crisis and the content of managerial Connmunications: A study of the focus of attention of top managers in surviving and failing firms. *Administrative Science Quarterly*, *35*, 634–657.

Axelrod, R. (1984). *The evolution of cooperation*. New York: Basic Books.

Babin, R., Briggs, S., & Nicholson, B. (2011). Corporate social responsibility and global IT outsourcing. *Communications of the ACM*, *54*(9), 28.

Babin, R., & Hefley, B. (2010). *Corporate social responsibility (CSR) in outsourcing: Summary of findings from IAOP 2009 CSR survey*.

Babin, R., & Nicholson, B. (2011). How green is my outsourcer? Measuring sustainability in global IT outsourcing. *Strategic Outsourcing: An International Journal*, *4*(1), 47–66.

Baden, D. a., Harwood, I. a., & Woodward, D. G. (2009). The effect of buyer pressure on suppliers in SMEs to demonstrate CSR practices: An added incentive or counter productive? *European Management Journal*, *27*(6), 429–

441.

Bansal, P., & Clelland, I. (2004). Talking trash: Legitimacy, impression management, and unsystematic risk in the context of the natural environment. *Academy of Management Journal*, *47*(1), 93–103.

Barnett, M. L. (2007). Stakeholder influence capacity and the variability of financial returns to corporate social responsibility. *Academy of Management Review*, *32*(3), 794–816.

Barnett, M. L. (2008). An attention-based view of real options reasoning. *Academy of Management Review*, *33*(3), 606–628.

Barnett, M. L. (2014). Why stakeholders ignore firm misconduct: A cognitive view. *Journal of Management*, *40*(3), 676–702.

Barnett, M. L., & Salomon, R. M. (2012). Does it pay to be really good? Addressing the shape of the relationship between social and financial performance. *Strategic Management Journal*, *33*, 1304–1320.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, *17*(1), 99–120.

Barringer, B. R., & Harrison, J. S. (2000). Walking a tightrope: Creating value through interorganisational relationships. *Journal of Management*, *26*(3), 367–403.

Basu, K., & Palazzo, G. (2008). Corporate social responsibility: A process model of sensemaking. *Academy of Management Review*, *33*(1), 122–136.

Baur, D., & Schmitz, H. P. (2012). Corporations and NGOs: When accountability leads to co-optation. *Journal of Business Ethics*, *106*(1), 9–21.

Bebbington, J., Larrinaga, C., & Moneva, J. M. (2008). Corporate social reporting and reputation risk management. *Accounting, Auditing & Accountability Journal*, *21*(3), 337–361.

Berry, H., Guillén, M. F., & Zhou, N. (2010). An institutional approach to cross-national distance. *Journal of International Business Studies*, *41*(9), 1460–1480.

Bertrand, O. (2010). What goes around, comes around: Effects of offshore outsourcing on the export performance of firms. *Journal of International Business Studies*, *42*(2), 334–344.

Bertrand, O., & Mol, M. J. (2013). The antecedents and innovation effects of domestic and offshore R&D outsourcing: The contingent impact of cognitive distance and absorptive capacity. *Strategic Management Journal*, *34*, 751–760.

Bettis, R. A., Bradley, S. P., & Hamel, G. (1992). Outsourcing and industrial decline. *Academy of Management Executive*, *6*(1), 7–22.

Bhagwati, J., Panagariya, A., & Srinivasan, T. . (2004). The muddles over outsourcing. *Journal of Economic Perspectives*, *18*(4), 93–114.

Bidwell, M. J. (2012). Politics and firm boundaries: How organisational structure, group interests, and resources affect outsourcing. *Organisation Science*, *23*(6), 1622–1642.

Bielak, D., Bonini, S. M. J., & Oppenheim, J. M. (2007). CEOs on strategy and social issues. *McKinsey Quarterly*, *10*(1), 1–8.

Birkinshaw, J., Hamel, G., & Mol, M. J. (2008). Management innovation. *Academy of Management Review*, *33*(4), 825–845.

Bowen, F. (1953a). *Social Responsibilities of the Businessman*. New York: Harper & Row.

Bowen, F. (1953b). *Social responsibility of the businessman*. New York: Harper & Row.

Bowman, E. H., & Haire, M. (1975). A strategic posture toward corporate social responsibility. *California Management Review*, *18*(2), 49–58.

Boyd, D. E., Spekman, R. E., Kamauff, J. W., & Werhane, P. (2007). Corporate social responsibility in global supply chains: A procedural justice perspective. *Long Range Planning*, *40*, 341–356.

Brammer, S. (2004). Stakeholder pressure, organisational size, and the allocation of departmental responsibility for the management of corporate charitable giving. *Business & Society*, *43*(3), 268–295.

Brammer, S. J., Pavelin, S., & Porter, L. a. (2006). Corporate social performance and geographical diversification. *Journal of Business Research*, *59*(9), 1025–1034.

Brammer, S., & Millington, A. (2008). Does it pay to be different? An analysis of the relationship between corporate social and financial performance. *Strategic Management Journal*, *29*, 1325–1343.

Brammer, S., & Pavelin, S. (2004). Voluntary social disclosures by large UK companies. *Business Ethics: A European Review*, *13*(July), 86–99.

Brandenburg, M., Govindan, K., Sarkis, J., & Seuring, S. (2014). Quantitative models for sustainable supply chain management: developments and directions. *European Journal of Operational Research*, *233*, 299–312.

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, *3*(2), 77–101.

Braunsberger, K., & Buckler, B. (2011). What motivates consumers to participate in boycotts: Lessons from the ongoing Canadian seafood boycott. *Journal of Business Research*, *64*, 96–102.

Brouthers, K. D. (2002). Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of International Business Studies*, *33*(2), 203–221.

Bryman, A. (2004). The outsourcing bogeyman. *Foreign Affairs*, *83*(3), 22–34.

Bundy, J., & Pfarrer, M. D. (2015). A burden of responsibility: The role of social approval at the onset of a crisis. *Academy of Management Review*, *40*(3), 345–369.

Bundy, J., Shropshire, C., & Buchholtz, a. K. (2012). Strategic cognition and issue salience: Toward an explanation of firm responsiveness to stakeholder concerns. *Academy of Management Review*, *38*(3), 352–376.

Burke, L., & Logsdon, J. M. (1996). How corporate social responsibility pays off. *Long Range Planning*, *29*(4), 495–502.

Burlingame, D. F., & Frishkoff, P. A. (1996). How does the firm size affect corporate philanthropy? *Corporate Philanthropy at the Crossroads*, 86–104.

Campbell, D., Shrives, P., & Bohmbach-Saager, H. (2001). Voluntary disclosure of mission statements in corporate annual reports: Signaling what and to whom? *Business & Society Review*, *106*(1), 65–87.

Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *Academy of Management Review*, *32*(3), 946–967.

Carr, A. S., Kaynak, H., Hartley, J. L., & Ross, A. (2008). Supplier dependence: Impact on supplier's participation and performance. *International Journal of Operations & Production Management*, *28*(9), 899–916.

Carroll, A. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, *4*(4), 497–505.

Carroll, A. B. (1999). Corporate social responsibility: Evolution of a definitional construct. *Business & Society, 38*(3), 268–295.

Carroll, A. B., & Shabana, K. M. (2011). The business case for corporate social responsibility. *The Conference Board*, (June), 1–6.

Castellani, D., Jimenez, A., & Zanfei, A. (2013). How remote are R&D labs? Distance factors and international innovative activities. *Journal of International Business Studies*, *44*(7), 649–675.

Chao, M. C.-H., & Kumar, V. (2010). The impact of institutional distance on the international diversity–performance relationship. *Journal of World Business*, *45*(1), 93–103.

Chen, S., & Bouvain, P. (2009). Is corporate responsibility converging? A comparison of corporate responsibility reporting in the USA, UK, Australia, and Germany. *Journal of Business Ethics, 87*, 299–317.

Cheung, C., Rossiter, J., & Zheng, Y. (2008). Offshoring and its effects on the labour market and productivity: A survey of recent literature. *Bank of Canada Review*, 15–29.

Chiu, S.-C., & Sharfman, M. (2011). Legitimacy, visibility, and the antecedents of corporate social performance: An investigation of the instrumental perspective. *Journal of Management*, *37*(6), 1558–1585.

Cho, C. H., Roberts, R. W., & Patten, D. M. (2010). The language of US corporate environmental disclosure. *Accounting, Organisations and Society*, *35*(4), 431–443.

Cho, T. S., & Hambrick, D. C. (2006). Attention as the mediator between top management team characteristics and strategic change: The case of airline deregulation. *Organisation Science*, *17*(4), 453–469.

Choi, T. Y., & Hartley, J. L. (1996). An exploration of supplier selection practices across the supply chain. *Journal of Operations Management*, *14*, 333–343.

Christensen, L. J., Mackey, A., & Whetten, D. (2014). Taking responsibility for corporate social responsibility: the role of leaders in creating, responsible firm behaviors. *The Academy of Management Perspectives*, *28*(2), 164–178.

Christmann, P., & Taylor, G. (2001). Globalization and the environment: Determinants of firm self-regulation in China. *Journal of International Business Studies*, *32*(3), 439–458.

Ciliberti, F., de Haan, J., de Groot, G., & Pontrandolfo, P. (2011). CSR codes and the principal-agent problem in supply chains: four case studies. *Journal of Cleaner Production*, *19*(8), 885–894.

Clarkson, P. M., Overell, M. B., & Chapple, L. (2011). Environmental reporting and its relation to corporate environmental performance. *Abacus*, *47*(1), 27–60.

Coase, R. (1937). The nature of the firm. In *Economica*.

Cochran, P. L., & Wood, R. A. (1984). Corporate social responsibility and financial performance. *Academy of Management Journal*, *27*(1), 42–56.

Cohen, M. D., March, J. G., & Olsen, J. P. (1972). A garbage can model of organisational choice. *Administrative Science Quarterly*, *17*(1), 1–25.

Contractor, F. J., Kumar, V., Kundu, S. K., & Pedersen, T. (2010). Reconceptualizing the firm in a world of outsourcing and offshoring: The organisational and geographical relocation of high-value company functions. *Journal of Management Studies*, *47*(8), 1417–1433.

Coombs, W. T. (2004). Impact of past crises on current crisis communication: Insights from situational crisis communication theory. *Journal of Business Communication*, *41*(3), 265–289.

Coombs, W. T., & Holladay, S. J. (1996). Communication and attributions in a crisis: An experimental study in crisis communication. *Journal of Public Relations Research*, *8*(4), 279–295.

Coombs, W. T., & Holladay, S. J. (2001). An extended examination of the crisis situations: A fusion of the relational management and symbolic approaches. *Journal of Public Relations Research*, *13*(4), 321–340.

Crino, R. (2010). Service offshoring and white-collar employment. *The Review of Economic Studies*, *77*, 595–632.

Cyert, R. M., & March, J. G. (1963). *The behavioral theory of the firm*. EnglewoodCliffs: NJ: Prentice Hall.

Dagiliene, L. (2010). The research of corporate social responsibility disclosures in annual reports. *Engineering Economics*, *21*(2), 197–204.

Dahlsrud, A. (2008). How corporate social responsibility is defined: An analysis of

37 definitions. *Corporate Social Responsibility and Environmental Management*, *1*, 1–13.

Dasgupta, S., Hettige, H., & Wheeler, D. (2000). What improves environmental compliance? Evidence from Mexican industry. *Journal of Environmental Economics and Management*, *39*(1), 39–66.

Davis, K. (1971). The case for and against business assumption of social responsibilities ’. *Academy of Management Journal*, *16*(2), 312–323.

Dearing, J. W., & Rogers, E. M. (1996). *Communication concepts 6: Agenda-setting*. London: Sage.

Deegan, C. (2002). Introduction: The legitimising effect of social and environmental disclosures–a theoretical foundation. *Accounting, Auditing & Accountability Journal*, *15*, 282–311.

Deephouse, D., & Carter, S. (2005). An examination of differences between organisational legitimacy and organisational reputation. *Journal of Management Studies*, *6*(March), 3–23.

Deephouse, D. L., & Suchman, M. (2008). Legitimacy in organisational institutionalism. *The Sage Handbook of Organisational Institutionalism*, (April), 49–77.

Desai, V. M. (2011a). Mass media and massive failures: Determining organisational efforts to defend field legitimacy following crises. *Academy of Management Journal*, *54*(2), 263–278.

Desai, V. M. (2011b). The impact of media information on issue salience following other organisations’ failures. *Journal of Management*, *40*(3), 893–918.

Doh, J. P. (2005). Offshore outsourcing: Implications for international business and strategic management theory and practice. *Journal of Management Studies*, *42*(3), 695–704.

Doh, J. P., & Guay, T. R. (2004). Globalization and corporate social responsibility: how non-governmental organisations influence labor and environmental codes of conduct. *Management International Review*, *44*(2), 7–29.

Doh, J. P., & Guay, T. R. (2006). Corporate social responsibility, public policy, and NGO activism in Europe and the United States: an institutional-stakeholder perspective. *Journal of Management Studies*, *43*(1), 47–73.

Doh, J. P., Lawton, T. C., Rajwani, T., & Paroutis, S. (2014). Why your company may need a chief external officer: Upgrading external affairs can help align strategy and improve competitive advantage. *Organisational Dynamics*, *43*(2), 96–104.

Doh, J. P., & Quigley, N. R. (2014). Responsible leadership and stakeholder management: Influence pathways and organisational outcomes. *Academy of Management Perspectives*, *28*(3), 255–274.

Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *The Academy of Management Review*, *20*(1), 65–91.

Dore, R. (1983). Goodwill and the spirit of market capitalism. *The British Journal of Sociology*, *34*(4), 459–482.

Durand, R. (2003). Predicting a firm's forecasting ability: The roles of organisational illusion of control and organisational attention. *Strategic Management Journal*, *24*, 821–838.

Durand, R., & Jacqueminet, A. (2015). Peer conformity, attention, and heterogeneous implementation of practices in MNEs. *Journal of International Business Studies*, *46*(8), 917–937.

Dyer, J., & Chu, W. (2003). The role of trustworthiness in reducing transaction costs and improving performance: Empirical evidence from the United States, Japan, and Korea. *Organisation Science*, *14*(May 2017), 57–68.

Dyer, J. H. (1997). Effective interfirm collaboration: How firms minimize transaction costs and maximize transaction value. *Strategic Management Journal*, *18*(7), 535–556.

Dyer, J. H., & Singh, H. (1998). The relational view: Cooperative strategy and sources of interorganisational competitive advantage. *Academy of Management Review*, *23*(4), 660–679.

Egels-Zandén, N. (2014). Suppliers' compliance with MNCs' codes of conduct: Behind the scenes at Chinese toy suppliers. *Journal of Business Ethics*, *75*(1), 45–62.

Ellram, L. M. (1990). The supplier selection decision in strategic partnerships. *International Journal of Purchasing and Materials Management*, *26*(4), 8.

Ellram, L. M., Tate, W. L., & Billington, C. (2008). Offshore outsourcing of professional services: A transaction cost economics perspective. *Journal of Operations Management*, *26*, 148–163.

Emerson, R. M. (1962). Power-dependence relations. *American Sociological Review*, *27*(1), 31–41.

Emmelhainz, M. A., & Adams, R. J. (1999). The apparel industry response to "sweatshop" concerns: A review and analysis of codes of conduct. *The Journal of Supply Chain Management*, *35*(3), 51–57.

Ertug, G., Cuypers, I. R. P., Noorderhaven, N. G., & Bensaou, B. M. (2013). Trust between international joint venture partners: Effects of home countries. *Journal of International Business Studies*, *44*(3), 263–282.

Espino-Rodríguez, T. F., & Padrón-Robaina, V. (2006). A review of outsourcing from the resource-based view of the firm. *International Journal of Management Reviews*, *8*(1), 49–70.

Fiss, P. C., & Zajac, E. J. (2006). The symbolic management of strategic change: Sensegiving via framing and decoupling. *Academy of Management Journal*, *49*(6), 1173–1193.

Fombrun, C. J., Gardberg, N. A., & Sever, J. M. (1999). The reputation quotient: a multi-stakeholder measure of corporate reputation. *The Journal of Brand Management*, *7*(4), 241–255.

Fransen, L. W., & Kolk, A. (2007). Global rule-setting for business: A critical analysis of multi-stakeholder standards. *Organisation*, *14*(5), 667–684.

Frazier, G. L., Gill, J. D., & Kale, S. H. (1989). Dealer dependence levels and reciprocal actions in a channel of distribution in a developing country. *Journal of Marketing*, *53*(January), 50–69.

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Marshfield, MA: Pitman.

Frenkel, S. J., & Scott, D. (2002). Compliance, collaboration, and codes of labor practice: The Adidas connection. *California Management Review*, *45*(1), 29–49.

Friedman, M. (1962). *Capitalism and freedom*. Chicago, IL: The University of Chicago Press.

Frooman, J. (1997). Socially irresponsible and illegal behavior and shareholder wealth: A meta-analysis of event studies. *Business & Society*, *36*(3), 221–249.

Frooman, J. (1999). Stakeholder influence strategies. *Academy of Management Review*, *24*(2), 191–205.

Frost, S., & Burnett, M. (2007). Case study: The Apple iPod in China. *Corporate Social Responsibility and Environmental Management*, *14*, 103–113.

Fryxell, G. E., Dooley, R. S., & Vryza, M. (2002). After the ink dries: The interaction of trust and control in us-based international joint ventures. *Journal of Management*, *36*(9), 865–886.

Gamerschlag, R., Möller, K., & Verbeeten, F. (2011). Determinants of voluntary CSR disclosure: Empirical evidence from Germany. *Review of Managerial Science*, *5*(2), 233–262.

Ganesan, S., George, M., Jap, S., Palmatier, R. W., & Weitz, B. (2009). Supply chain management and retailer performance: Emerging trends, issues, and implications for research and practice. *Journal of Retailing*, *85*(1), 84–94.

Garcia-Sanchez, I. M., Cuadrado-Ballesteros, B., & Frias-Aceituno, J. V. (2016). Impact of the institutional macro context on the voluntary disclosure of CSR information. *Long Range Planning*, *49*(1), 15–35.

Gavetti, G., Levinthal, D. A., & Ocasio, W. (2007). Neo-Carnegie: The Carnegie school's past, present, and reconstructing for the future. *Organisation Science, 18*(3), 523–536.

Gilbert, D. U., & Rasche, A. (2007). Discourse Ethics and Social Accountability: The Ethics of SA 8000. *Business Ethics Quarterly*, *17*(2), 187–216.

Gill, D. L., Dickinson, S. J., & Scharl, A. (2008). Communicating sustainability: A web content analysis of North American, Asian and European firms. *Journal of Communication Management*, *12*(3), 243–262.

Gilley, K. M., & Rasheed, A. (2000). Making more by doing less: An analysis of outsourcing and its effects on firm performance. *Journal of Management*, *26*(4), 763–790.

Giunipero, L. C., Hooker, R. E., & Denslow, D. (2012). Purchasing and supply management sustainability: Drivers and barriers. *Journal of Purchasing and Supply Management*, *18*(4), 258–269.

Global Reporting Initiative. (2014). G4 Sustainability Reporting Guidelines. *Global Reporting Initiative*, 1–97.

Glover, J. L., Champion, D., Daniels, K. J., & Dainty, A. J. D. (2014). An institutional theory perspective on sustainable practices across the dairy supply chain. *International Journal of Production Economics*, *152*, 102–111.

Godfrey, P. C. (2005). The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. *Academy of Management Review*, *30*(4), 777–798.

Gold, S., Seuring, S., & Beske, P. (2010). Sustainable supply chain management and inter-organisational resources: A literature review. *Corporate Social Responsibility and Environmental Management*, *17*, 230–245.

Gong, Y., Shenkar, O., Luo, Y., & Nyaw, M. K. (2007). Do multiple parents help or hinder international joint venture performance? The mediating roles of contract completeness and partner cooperation. *Strategic Management Journal*, *28*(10), 1021–1034.

Gooris, J., & Peeters, C. (2014). Home–host country distance in offshore governance choices. *Journal of International Management*, *20*(1), 73–86.

Gottfredson, M., Puryear, R., & Phillips, S. (2005). Strategic sourcing: From periphery to the core. *Harvard Business Review*.

Grafström, M., & Windell, K. (2011). The role of infomediaries: CSR in the business press during 2000-2009. *Journal of Business Ethics*, *103*, 221–237.

Grappi, S., Romani, S., & Bagozzi, R. P. (2013). Consumer response to corporate irresponsible behavior: Moral emotions and virtues. *Journal of Business Research*, *66*, 1814–1821.

Gray, R., Kouhy, R., & Lavers, S. (1995). Corporate social and environmental reporting: A review of the literature and a longitudinal study of UK disclosure. *Accounting, Auditing & Accountability Journal*, *8*(2), 47.

Gray, J. V., Esenduran, G., Rungtusanatham, M. J., & Skowronski, K. (2017). Why in the world did they reshore? Examining small to medium-sized manufacturer decisions. *Journal of Operations Management*, *49–51*, 37–51.

Gray, J. V., Roth, A. V., & Leiblein, M. J. (2011). Quality risk in offshore manufacturing: Evidence from the pharmaceutical industry. *Journal of Operations Management*, *29*(7–8), 737–752.

Griffin, J. J., & Mahon, J. F. (1997). The corporate social performance and corporate financial performance debate : Twenty-five years of incomparable research. *Business and Society*, *36*(1), 5–31.

Gulati, R. (1995). Does familiarity breed trust? The implications of repeated ties for contractual choice in alliances. *Academy of Management Journal*, *38*(1), 85–112.

Gulati, R., & Nickerson, J. A. (2008). Interorganisational trust, governance choice, and exchange performance. *Organisation Science*, *19*(5), 688–708.

Gulati, R., & Sytch, M. (2007). Dependence asymmetry and joint dependence in interorganisational relationships: Effects of embeddedness on a manufacturer's performance in procurement relationships. *Administrative Science Quarterly*, *52*, 32–69.

Gurtu, A., Searcy, C., & Jaber, M. Y. (2016). Effects of offshore outsourcing on a nation. *Sustainable Production and Consumption*, *7*, 94–105.

Guthrie, J., & Parker, L. D. (1989). Corporate social reporting: A rebuttal of legitimacy theory. *Accounting and Business Research*.

Hambrick, D. D., & Finkelstein, S. (1987). Managerial discretion: A bridge between polar views of organisational outcomes. *Research in Organisational Behavior*, *9*, 369–406.

Hammond, K., & Miles, S. (2004). Assessing quality assessment of corporate social reporting: UK perspectives. *Accounting Forum*, *28*(1), 61–79.

Handley, S. M., & Angst, C. M. (2015). The impact of culture on the relationship between governance and opportunism in outsourcing relationships. *Strategic Management Journal*, *36*, 1412–1434.

Handley, S. M., & Benton, W. C. J. (2009). Unlocking the business outsourcing process model. *Journal of Operations Management*, *27*, 344–361.

Harms, D., Hansen, E. G., & Schaltegger, S. (2013). Strategies in sustainable supply chain management: An empirical investigation of large German companies. *Corporate Social Responsibility and Environmental Management*, *20*, 205–218.

Harvey, P., Madison, K., Martinko, M., Crook, T. R., & Crook, T. A. (2014). Attribution theory in the organisational sciences: The road traveled and the path ahead. *The Academy of Management Perspectives*, *28*(2), 128–146.

Heide, J. B., & John, G. (1990). Alliances in industrial purchasing: the determinants of joint action in buyer-supplier relationships. *Journal of Marketing Research*, *27*, 24–36.

Heide, J. B., & Miner, A. S. (1992). The shadow of the future: Effects of anticipated interaction and frequency of contact on buy-seller cooperation. *Academy of Management Journal*, *35*(2), 265–291.

Helfat, C. E., & Peteraf, M. A. (2015). Managerial cognitive capabilities and the microfoundations of dynamic capabilities. *Strategic Management Journal*, *36*, 831–850.

Hemingway, C. a., & Maclagan, P. W. (2004). Managers' personal values as drivers of corporate social responsibility. *Journal of Business Ethics*, *50*(1), 33–44.

Hernández, V., & Nieto, M. J. (2015). The effect of the magnitude and direction of institutional distance on the choice of international entry modes. *Journal of World Business*, *50*(1), 122–132.

Hirschmann, A. O. (1970). *Exit, voice, and loyalty: responses to decline in firms, organisations, and states.* Cambridge: MA: Harvard University Press.

Hoejmose, S. U., & Adrien-Kirby, A. J. (2012). Socially and environmentally responsible procurement: A literature review and future research agenda of a managerial issue in the 21st century. *Journal of Purchasing and Supply Management*, *18*(4), 232–242.

Hoejmose, S. U., Grosvold, J., & Millington, A. (2013). Socially responsible supply chains: Power asymmetries and joint dependence. *Supply Chain Management: An International Journal*, *18*(3), 277–291.

Hoejmose, S. U., Roehrich, J. K., & Grosvold, J. (2014). Is doing more doing better? The relationship between responsible supply chain management and corporate reputation. *Industrial Marketing Management*, *43*(1), 77–90.

Hoffman, A. J. (1997). *From heresy to dogma: An institutional history of corporate environmentalism*. San Francisco: New Lexington Press.

Hoffman, A. J. (1999). Institutional evolution and change: Envrionmentalism and the U.S. chemical industry. *The Academy of Management Journal*, *42*(4), 351–371.

Hoffman, A. J., & Ocasio, W. (2001). Not all events are attended equally: Toward a middle-range theory of industry attention to external events. *Organisation Science*, *12*(4), 414–434.

Hofstede, G. (1983). The cultural relativity of organisational practices and theories. *Journal of International Business Studies*, *14*(2), 75–89.

Hoi, C. K., Wu, Q., & Zhang, H. (2013). Is corporate social responsibility (CSR) associated with tax avoidance? Evidence from irresponsible CSR activities. *Accounting Review*, *88*(6), 2025–2059.

Homburg, C., Stierl, M., & Bornemann, T. (2013). Corporate social responsibility in business-to-business markets: How organisational customers account for supplier corporate sociai responsibility engagement. *Journal of Marketing*, *77*, 54–72.

Hoyt, J., & Huq, F. (2000). From arms-length to collaborative relationships in the supply chain: An evolutionary process. *International Journal of Physical Distribution & Logistics Management*, *30*(9), 750–764.

Huckman, R. S., & Zinner, D. E. (2008). Does focus improve operational performance? Lessons from the management of clinical trials. *Strategic Management Journal*, *29*(2), 173–193.

Ioannou, I., & Serafeim, G. (2012). What drives corporate social performance? The role of nation-level institutions. *Journal of International Business Studies, 43*(9), 834–864.

Jabbour, L. (2010). Offshoring and firm performance: Evidence from french manufacturing industry. *World Economy*, *33*(3), 507–524.

Javalgi, R. (Raj) G., Dixit, A., & Scherer, R. F. (2009). Outsourcing to emerging markets: Theoretical perspectives and policy implications. *Journal of International Management*, *15*(2), 156–168.

Jensen, P. D. Ø. (2012). A passage to India: A dual case study of activities, processes and resources in offshore outsourcing of advanced services. *Journal of World Business*, *47*, 311–326.

Jensen, P. D. Ø., & Petersen, B. (2012). Global sourcing of services versus manufacturing activities: Is it any different? *The Service Industries Journal*, *32*(4), 591–604.

Jiang, B. (2009). The effects of interorganisational governance on supplier's compliance with SCC: An empirical examination of compliant and non-compliant suppliers. *Journal of Operations Management*, *27*(4), 267–280.

Jiang, B., Baker, R. C., & Frazier, G. V. (2009). An analysis of job dissatisfaction and turnover to reduce global supply chain risk: Evidence from China. *Journal of Operations Management*, *27*(2), 169–184.

Jones, T. M. (1995). Instrumental stakeholder theory: A synthesis of ethics and economics. *Academy of Management Review*, *20*(2), 404–437.

Jørgensen, H. B., Pruzan-Jørgensen, P. M., Jungk, M., & Cramer, A. (2003). *Strengthening implementation of corporate social responsibility in Global Supply Chains*. Washington DC.

Kafouros, M. I., Buckley, P. J., & Clegg, J. (2012). The effects of global knowledge reservoirs on the productivity of multinational enterprises: The role of international depth and breadth. *Research Policy*, *41*(5), 848–861.

Kale, P., Dyer, J. H., & Singh, H. (2002). Alliance capability, stock market response, and long-term alliance success: The role of the alliance function. *Strategic Management Journal*, *23*(8), 747–767.

Kiousis, S. (2004). Explicating media salience: A factor analysis of New York Times issue coverage during the 2000 U. S. presidential election. *Journal of Communication, 54*(1), 71–87.

Klassen, R. D., & Vereecke, A. (2012). Social issues in supply chains: Capabilities link responsibility, risk (opportunity), and performance. *International Journal of Production Economics*, *140*(1), 103–115.

Klein, J. G., Smith, N. C., & John, A. (2004). Why we boycott: Consumer motivations for boycott participation. *Journal of Marketing*, *68*, 92–109.

Kogut, B., & Singh, H. (1988). The effect of national culture on the choice of entry mode. *Journal of International Business Studies*, *19*(3), 411–432.

Kolk, A. (2003). Trends in sustainability reporting by the fortune global 250. *Business Strategy and the Environment*, *12*, 279–291.

Kolk, A., & Pinkse, J. (2006). Stakeholder mismanagement and corporate social responsibility crises. *European Management Journal*, *24*(1), 59–72.

Kolk, A., & Van Tulder, R. (2002). The effectiveness of self-regulation: Corporate codes of conduct and child labour. *European Management Journal*, *20*(3), 260–271.

Kostova, T. (1999). Transnational transfer of strategic organisational practices: A contextual perspective. *Academy of Management Review*, *24*(2), 308–324.

Kostova, T., Roth, K., & Dacin, M. T. (2008). Institutional theory in the study of multinational corporations: A critique and new directions. *Academy of Management Review*, *33*(4), 994–1006.

Kostova, T., & Zaheer, S. (1999). Organisational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Journal*, *24*(1), 64–81.

Kotabe, M., Mol, M. J., & Murray, J. Y. (2008). Outsourcing, performance, and the role of e-Commerce: A dynamic perspective. *Industrial Marketing Management*, *37*(1), 37–45.

Kotabe, M., Murray, J. Y., & Javalgi, R. G. (1998). Global sourcing of services and market performance: An empirical investigation. *Journal of International Marketing*, *6*(4), 10–31.

Kshetri, N. (2007). Institutional factors affecting offshore business process and information technology outsourcing. *Journal of International Management*, *13*, 38–56.

Lahiri, S., & Kedia, B. L. (2011). Co-evolution of institutional and organisational factors in explaining offshore outsourcing. *International Business Review*, *20*(3), 252–263.

Lane, D. M., Scott, D., Hebl, M., Guerra, R., Osherson, D., & Zimmer, H. (2013). *Introduction to Statistics*.

Lange, D., & Washburn, N. T. (2012). Understanding attributions of corporate social irresponsibility. *Academy of Management Review*, *37*(2), 300–326.

Large, R. O., & Thomsen, C. G. (2011). Drivers of green supply management performance: Evidence from Germany. *Journal of Purchasing and Supply Management*, *17*(3), 176–184.

Larsen, M. M., Manning, S., & Pedersen, T. (2013). Uncovering the hidden costs of offshoring: The interplay of complexity, organisational design, and experience. *Strategic Management Journal*, *34*, 533–552.

Lee, M.-D. P. (2011). Configuration of external influences: The combined effects of institutions and stakeholders on corporate social responsibility strategies. *Journal of Business Ethics*, *102*(2), 281–298.

Lee, S. H., Mol, M. J., & Mellahi, K. (2016). Apple and its suppliers: Corporate social responsibility. *Ivey Publishing*, 1–10.

Leiblein, M. J., & Miller, D. J. (2003). An empirical examination of transaction- and firm-level Influences on the Vertical Boundaries of the Firm. *Strategic Management Journal*, *24*, 839–859.

Leiblein, M. J., Reuer, J. J., & Dalsace, F. (2002). Do make or buy decisions matter?

The influence of organisational governance on technological performance. *Strategic Management Journal*, *23*, 817–833.

Leiponen, A., & Helfat, C. E. (2010). Innovation objectives, knowledge sources, and the benefits of breadth. *Strategic Management Journal*, *31*(2), 224–236.

Lev, B., Petrovits, C., & Radhakrishnan, S. (2010). Is doing good good for you? How corporate charitable contributions enhance revenue growth. *Strategic Management Journal*, *31*, 182–200.

Levy, D. L., & Kolk, A. (2002). Strategic response to global climate change: conflicting pressures multinationals in the oil industry. *Business and Politics, 4*(3), 275–300.

Lewin, A. Y., Massini, S., & Peeters, C. (2009). Why are companies offshoring innovation? The emerging global race for talent. *Journal of International Business Studies*, *40*(6), 901–925.

Li, E. L., Zhou, L., & Wu, A. (2017). The supply-side of environmental sustainability and export performance: The role of knowledge integration and international buyer involvement. *International Business Review*, *26*(4), 724–735.

Li, Y., Xie, E., Teo, H.-H., & Peng, M. W. (2010). Formal control and social control in domestic and international buyer–supplier relationships. *Journal of Operations Management*, *28*(4), 333–344.

Liang, K.-Y., & Zeger, S. L. (1986). Longitudinal data analysis using generalized linear models. *Biometrika*, *73*(1), 13–22.

Lim, S. J., & Phillips, J. (2008). Embedding CSR values: The global footwear industry's evolving governance structure. *Journal of Business Ethics*, *81*(1), 143–156.

Lindenmeier, J., Schleer, C., & Pricl, D. (2012). Consumer outrage: Emotional reactions to unethical corporate behavior. *Journal of Business Research*, *65*, 1364–1373.

Locke, R., Amengual, M., & Mangla, A. (2009). Virtue out of necessity? Compliance, commitment, and the improvement of labor conditions in global supply chains. *Politics & Society, 37*(3), 319–351.

Locke, R. M., Qin, F. E. I., & Brause, A. (2007). Does monitoring improve labor standards? Lessons from Nike. *Industrial and Labor Relations Review*, *61*(1), 3–31.

Loughran, T., McDonald, B., & Yun, H. (2009). A wolf in sheep's clothing: The use of ethics-related terms in 10-K reports. *Journal of Business Ethics, 89*, 39–49.

Luhmann, N. (1979). *Trust and Power*. New York: Wiley.

Lund-Thomsen, P. (2008). The global sourcing and codes of conduct debate: Five myths and five recommendations. *Development and Change, 39*(6), 1005–1018.

Lund-Thomsen, P., & Lindgreen, A. (2014). Corporate social responsibility in global value chains: Where are we now and where are we going? *Journal of Business*

Ethics, *123*, 11–22.

Luo, Y. (2002). Contract, cooperation and performance in international joint ventures. *Strategic Management Journal*, *23*, 903–919.

Luo, Y. (2007). An integrated anti-opportunism system in international exchange. *Journal of International Business Studies*, *38*(6), 855–877.

Luo, Y., & Park, S. H. (2004). Multiparty cooperation and performance in international equity joint ventures. *Journal of International Business Studies*, *35*(4), 334–335.

Lyon, T. P., & Maxwell, J. W. (2011). Greenwash: Corporate environmental disclosure under threat of audit. *Journal of Economics &Management Strategy*, *20*(1), 3–41.

Mahoney, L. S., Thorne, L., Cecil, L., & LaGore, W. (2013). A research note on standalone corporate social responsibility reports: Signaling or greenwashing? *Critical Perspectives on Accounting*, *24*(4–5), 350–359.

Maignan, I., & Hillebrand, B. A. S. (2002). Managing socially responsible buying: How to integrate non- economic criteria into the purchasing process. *European Management Journal*, *20*(6), 641–648.

Maloni, M. J., & Brown, M. E. (2006). Corporate social responsibility in the supply chain: An application in the food industry. *Journal of Business Ethics*, *68*, 35–52.

Mamic, I. (2005). Managing global supply chain: the sports footwear, apparel and retail sectors. *Journal of Business Ethics*, *59*, 81–100.

Mankiw, N. G., & Swagel, P. (2006). The politics and economics of offshore outsourcing. *Journal of Monetary Economics*, *53*(5), 1027–1056.

Marano, V., & Kostova, T. (2016). Unpacking the institutional complexity in adoption of CSR practices in multinational enterprises. *Journal of Management Studies*, *53*(1), 28–54.

March, J. G., & Olsen, J. P. (1989). *Rediscovering Institutions*. New York: Free Press.

March, J. G., & Simon, H. . (1958). *Organisations*. New York: Wiley.

Marwell, G., & Oliver, P. (1993). *The critical mass in collective action: A micro-social theory*. New York: Cambridge University Press.

Maskell, P., Pedersen, T., Petersen, B., & Dick Nielsen, J. (2007). Learning paths to offshore outsourcing: From cost reduction to knowledge seeking. *Industry & Innovation*, *14*(3), 239–257.

Matten, D., & Moon, J. (2008). “Implicit” and “Explicit” CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, *33*(2), 404–424.

Mcguire, J. B., Sundgren, A., & Schneeweis, T. (1988). Corporate social responsibility and firm financial performance. *Academy of Management*

Journal, *31*(4), 854–872.

McIvor, R. (2009). How the transaction cost and resource-based theories of the firm inform outsourcing evaluation. *Journal of Operations Management*, *27*, 45–63.

Mcwilliams, A., & Siegel, D. (2000). Corporate social responsibility and financial performance: correlation or misspecification? *Strategic Management Journal*, *21*, 603–609.

Mcwilliams, A., & Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, *26*(1), 117–127.

McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Corporate social responsibility: Strategic implications. *Journal of Management Studies*, *43*(1), 1–18.

Mena, S., Rintamaki, J., Fleming, P., & Spicer, A. (2016). On the forgetting of corporate irresponsibility. *Academy of Management Review*, *41*(4), 720–738.

Meyer, J. W., & Rowan, B. (1977). Institutionalized organisations: Formal structure as myth and ceremony. *The American Journal of Sociology*, *83*(2), 340–363.

Meyer, K. E. (2005). Book Review: Rising above sweatshops: Innovative approaches to global labor challenges. *Journal of International Business Studies*, *36*, 246–249.

Michelon, G., Pilonato, S., & Ricceri, F. (2015). CSR reporting practices and the quality of disclosure: An empirical analysis. *Critical Perspectives on Accounting*, *33*, 59–78.

Midttun, A., Dirdal, T., Gautesen, K., Omland, T., & Wenstop, S. (2007). Integrating corporate social responsibility and other strategic foci in a distributed production system: a transaction cost perspective on the North sea offshore petroleum industry. *Corporate Governance: The International Journal of Business in Society*, *7*(2), 194–208.

Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis: An expanded sourcebook*. CA: Sage.

Miller, K. D., & Tsang, E. W. K. (2011). Testing management theories: Critical realist philosophy and research methods. *Strategic Management Journal*, *32*(2), 139–158.

Mingers, J. (2001). Combining IS Research Methods: Towards a Pluralistics Method. *Information Systems Research*, *12*(3), 240–259.

Mingers, J. (2006). A critique of statistical modelling in management science from a critical realist perspective: its role within multimethodology. *Journal of the Operational Research Society*, *57*(2), 202–219. http://doi.org/10.1057/palgrave.jors.2601980

Modi, S. B., & Mabert, V. A. (2007). Supplier development: Improving supplier performance through knowledge transfer. *Journal of Operations Management*, *25*(1), 42–64.

Mol, M. J. (2007). *Outsourcing: Design, process and performance.* Cambridge:

Cambridge University Press.

Mol, M. J., Tulder, R. J. M. Van, & Beije, P. R. (2005). Antecedents and performance consequences of international outsourcing. *International Business Review*, *14*, 599–617.

Morali, O., & Searcy, C. (2012). A review of sustainable supply chain management practices in Canada. *Journal of Business Ethics*, *117*(3), 635–658.

Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, *58*, 20–38.

Morosini, P., Shane, S., & Singh, H. (1998). National cultural acquisition distance and cross-border performance. *Journal of International Business Studies*, *29*(1), 137–158.

Mudambi, R., & Venzin, M. (2010). The strategic nexus of offshoring and outsourcing decisions. *Journal of Management Studies*, *47*(8), 1510–1533.

Murphy, D., & Matthew, D. (2001). *Nike and global labour practices*. *A case study prepared for the New Academy of Business Innovation Neteork for Socially Responsible Business*.

Murray, J. Y., & Kotabe, M. (1999). Sourcing strategies of U.S. services companies: A modified transaction-cost analysis. *Strategic Management Journal1*, *20*(9), 791–809.

Murray, J. Y., Kotabe, M., & Wildt, A. R. (1995). Strategic and financial performance implications of global sourcing strategy : A contingency analysis. *Journal of International Business Studies*, *26*(1), 181–202.

Nadkarni, S., & Barr, P. S. (2008). Environmental context, managerial cognition, and strategic action: an integrated view. *Strategic Management Journal*, *29*, 1395–1427.

Neef, D. (2004). *The supply chain imperative: How to ensure ethical behavior in your global suppliers*. New York: AMACOM.

Nelson, J., & Zadek, S. (2000). Partnership alchemy: New social partnerships in Europe. *The Copenhagen Centre*.

Neu, D., Warsame, H., & Pedwell, K. (1998). Managing public impressions: Environmental disclosures in annual reports. *Accounting, Organisations and Society*, *23*(3), 265–282.

Nieto, M. J., & Rodríguez, A. (2011). Offshoring of R&D: Looking abroad to improve innovation performance. *Journal of International Business Studies*, *42*(3), 345–361.

O'Hara, R. B., & Kotze, D. J. (2010). Do not log-transform count data. *Methods in Ecology and Evolution*, *1*, 118–122.

O'Rourke, D. (2006). Multi-stakeholder regulation: Privatizing or socializing global labor standards? *World Development*, *34*(5 SPEC. ISS.), 899–918.

Ocasio, W. (1997). Towards an attention-based view of the firm. *Strategic*

Management Journal, *18*, 187–206.

Ocasio, W. (2011). Attention to attention. *Oarganization Science*, *22*(5), 1286–1296.

Ocasio, W., & Joseph, J. (2005). An attention-based theory of strategy formulation: Linking micro- and macroperspectives in strategy process. *Advances in Strategic Management*, *22,* 39–61.

Oliver, C. (1990). Determinants of interorganisational relationships: Integration and future directions. *Academy of Management Review*, *15*(2), 241–265.

Orlitzky, M., Schmitdt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organisation Studies*, *24*(2), 403–441.

Othman, R., & Ameer, R. (2009). Corporate social and environmental reporting: Where are we heading? A survey of the literature. *International Journal of Disclosure and Governance*, *6*(4), 298–320.

Pagell, M., & Wu, Z. (2009). Buiding a more complete theory of sustainable supply chain management using case studies of 10 exemplars. *Journal of Supply Chain Management*, *45*(2), 37–56.

Park-Poaps, H., & Rees, K. (2010). Stakeholder forces of socially responsible supply chain management orientation. *Journal of Business Ethics*, *92*(2), 305–322.

Park, K. M., & Hollinshead, G. (2011). Logics and limits in ethical outsourcing and offshoring in the global financial services industry. *Competition & Change*, *15*(3), 177–195.

Parmigiani, A. (2007). Why do firms both make and buy? An investigation of concurrent sourcing. *Strategic Management Journal*, *28*, 285–311.

Parmigiani, A., & Rivera-Santos, M. (2011). Clearing a path through the forest: A meta-review of interorganisational relationships. *Journal of Management*, *37*(4), 1108–1136.

Patton, M. (1990). *Qualitative evaluation and research methods*. *Sage*. Beverly Hills, CA: Sage. http://doi.org/10.1002/nur.4770140111

Pedersen, E. R. (2006). Making corporate social responsibility (CSR) operable: How companies translate stakeholder dialogue into practice. *Business and Society Review*, *111*(2), 137–163.

Pedersen, E. R., & Andersen, M. (2006). Safeguarding corporate social responsibility (CSR) in global supply chains: How codes of conduct are managed in buyer-supplier relationships. *Journal of Public Affairs*, *6*, 228–240.

Peloza, J., & Falkenberg, L. (2009). The role of collaboration in achieving corporate social responsibility objectives. *California Management Review*, *51*(3), 95–114.

Perry, P., Wood, S., & Fernie, J. (2015). Corporate social responsibility in garment sourcing networks: Factory management perspectives on ethical trade in Sri Lanka. *Journal of Business Ethics*, *130*(3), 737–752.

Petrenko, O. V., Aime, F., Ridge, J., & Hill, A. (2016). Corporate social responsibility or CEO narcissism? CSR motivations and organisational performance. *Strategic Management Journal*, *37*, 262–279.

Pfeffer, J., & Nowak, P. (1976). Joint ventures and interorganisational dependence. *Administrative Science Quarterly*, *21*(3), 398–418.

Pfeffer, J., & Salancik, G. R. (1978). *The external control of organisations. A resource dependence perspective.* New York: Harper & Row.

Plambeck, E. L., & Taylor, T. A. (2014). *Supplier evasion of a buyer's audit: Implication for motivating compliance with labor and environmental standards* (Stanford Graduate School of Business Working Paper). Stanford Graduate School of Business Working Paper.

Podsakoff, P. M., MacKenzie, S. B., & Podsakoff, N. P. (2012). Sources of method bias in social science research and recommendations on how to control it. *Annual Review of Psychology*, *63*, 539–569.

Porter, M. E., & Kramer, M. R. (2006). Strategy & society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 1–14.

Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*, 1–17.

Pothukuchi, V., Damanpour, F., Choi, J., Chen, C. C., & Park, S. H. (2002). National and organisational culture differences and international joint venture performance. *Journal of International Business Studies*, *33*(2), 243–265.

Provan, K. G., & Gassenheimer, J. B. (1994). Supplier commitment in relational contract exchanges with buyers: a study of interorganisational dependence and exercised power. *Journal of Management Studies*, *31*(1), 55–68.

Qu, Z., & Brocklehurst, M. (2003). What will it take for China to become a competitive force in offshore outsourcing? An analysis of the role of transaction costs in supplier selection. *Journal of Information Technology*, *18*, 53–67.

Quinn, J. B. (1999). Strategic outsourcing: Leveraging knowledge capabilities. *Sloan Management Review*, *40*(4), 9–21.

Quinn, J. B., & Hilmer, F. G. (1995). Strategic outsourcing. *McKinsey Quarterly*, *50*, 48–70.

Rasche, A. (2012). Global policies and local practice: Loose and tight couplings in multi-stakeholder initiatives. *Business Ethics Quarterly*, *22*(4), 679–708.

Rehbein, K., Waddock, S., & Graves, S. B. (2004). Understanding shareholder activism: Which corporations are targeted? *Business & Society*, *43*(3), 239–267.

Reimann, F., & Ketchen, D. J. (2017). Power in supply chain management. *Journal of Supply Chain Management*, *53*(2), 3–9.

Reinecke, J., & Donaghey, J. (2015). After rana plaza: Building coalitional power for labour rights between unions and (consumption-based) social movement organisations. *Organisation*, *22*(5), 720–740.

Rerup, C. (2009). Attentional triangulation: Learning from unexpected rare crises.

Organisation Science, *20*(5), 876–893.

Roberts, S. (2003). Supply chain specific? Understanding the patchy success of ethical sourcing initiatives. *Journal of Business Ethics, 44*, 159–170.

Rock, M. (2003). Public disclosure of the sweatshop practices of American multinational garment/ shoe makers/ retailers: Impact on their stock prices. *Competition and Change, 7*(1), 23–38.

Rodríguez, L. C., & Lemaster, J. (2007). Voluntary corporate social reponsibility disclosure SEC " CSR Seal of Approval ." *Business & Society*, *46*(3), 370–385.

Rosenzweig, P. M., & Singh, J. V. (1991). Organisational environments and the multinational enterprise. *Academy of Management Review*, *16*(2), 340–361.

Saeidi, S. P., Sofian, S., Saeidi, P., Saeidi, S. P., & Saaeidi, S. A. (2015). How does corporate social responsibility contribute to firm financial performance? The mediating role of competitive advantage, reputation, and customer satisfaction. *Journal of Business Research*, *68,* 341–350.

Salomon, R., & Wu, Z. (2012). Institutional distance and local isomorphism strategy. *Journal of International Business Studies*, *43*(4), 343–367.

Sarkis, J., & Talluri, S. (2002). A model for strategic supplier selection. *Journal of Supply Chain Management*, *38*(1), 18–28.

Searcy, C. (2012). Corporate sustainability performance measurement systems: A review and research agenda. *Journal of Business Ethics*, *107*(3), 239–253.

Seitanidi, M. M., & Crane, A. (2009). Implementing CSR through partnerships: Understanding the selection, design and institutionalisation of nonprofit-business partnerships. *Journal of Business Ethics*, *85*, 413–429.

Selsky, J. W., & Parker, B. (2005). Cross-sector partnerships to address social issues: Challenges to theory and practice. *Journal of Management*, *31*(6), 849–873.

Sethi, S. P. (1979). A conceptual framework for environmental analysis of social issues and evaluation of business response patterns. *Academy of Management Review*, *4*(1), 63–74.

Seuring, S., & Müller, M. (2008). From a literature review to a conceptual framework for sustainable supply chain management. *Journal of Cleaner Production*, *16*, 1699–1710.

Sharma, S. (2000). Managerial interpretations and organisational context as predictors of corporate choice of environmental strategy. *Academy of Management Journal*, *43*(4), 681–697.

Sims, R. R., & Brinkmann, J. (2003). Enron ethics (Or: culture matters more than codes). *Journal of Business Ethics, 45*, 243–256.

Sirmon, D. G., Hitt, M. A., Ireland, R. D., & Gilbert, B. A. (2011). Resource orchestration to create competitive advantage. *Journal of Management*, *37*(5), 1390–1412.

Sirmon, D. G., & Lane, P. J. (2004). A model of cultural differences and international alliance performance. *Journal of International Business Studies*, *35*(4), 306–319.

Skinner, W. (1974). The focused factory. *Harvard Business Review*, *52*, 113–121.

Skjoett-Larsen, T. (1999). Supply chain management: A new challenge for researchers and managers in logistics. *International Journal of Logistics Management*, *10*(2), 41–53.

Soundararajan, V., & Brown, J. A. (2016). Voluntary governance mechanisms in global supply chains: Beyond CSR to a stakeholder utility perspective. *Journal of Business Ethics*, *134*, 83–102.

Spekman, R. E. (1988). Strategic supplier selection: Understanding long-term buyer relationships. *Business Horizons*, *July-Augus*, 75–81.

Spicer, B. H. (1978). Investors, corporate social performance and information discloure: An empirical study. *The Accounting Review*, *53*(1), 94–111.

Stanwick, P. A., & Stanwick, S. D. (1998). The relationship between corporate social performance, and organisational size, financial performance, and environmental performance: an empirical examination. *Journal of Business Ethics*, *17*, 195–204.

Strike, V. M., Gao, J., & Bansal, P. (2006). Being good while being bad: Social responsibility and the international diversification of US firms. *Journal of International Business Studies*, *37*(6), 850–862.

Stringfellow, A., Teagarden, M. B., & Nie, W. (2008). Invisible costs in offshoring services work. *Journal of Operations Management*, *26*, 164–179.

Sullivan, B. N. (2010). Competition and beyond: Problems and attention allocation in the organisational rulemaking process. *Organisation Science*, *21*(2), 432–450.

Surroca, J., Prior, D., & Tribo, J. (2016). Using panel data DEA to measure CEOs' focus of attention: An application to the study of cognitive group membership and performance. *Strategic Management Journal*, *37*, 370–388.

Surroca, J., Tribó, J. A., & Zahra, S. A. (2013). Stakeholder pressure on MNEs and the transfer of socially irresponsibile practices to subsidiaries. *Academy of Management Journal*, *56*(2), 549–572.

Swanson, D. L. (2008). *Top managers as drivers for corporate social responsibility*. (A. Crane, D. Matten, A. McWilliams, J. Moon, & D. S. Siegel, Eds.). The Oxford Handbook of Corporate Social Responsibility.

Tan, J. (2009). Institutional structure and firm social performance in transitional economies: Evidence of multinational corporations in China. *Journal of Business Ethics*, *86*, 171–189.

Tang, Z., Hull, C. E., & Rothenberg, S. (2012). How corporate social responsibility engagement strategy moderates the CSR-financial performance relationship. *Journal of Management Studies*, *49*(7), 1274–1303.

Thorne, L., S. Mahoney, L., & Manetti, G. (2014). Motivations for issuing standalone CSR reports: A survey of Canadian firms. *Accounting, Auditing & Accountability Journal*, *27*(4), 686–714.

Tihanyi, L., Griffith, D. A., & Russell, C. J. (2005). The effect of cultural distance on entry mode choice, international diversification, and MNE performance: a meta-analysis. *Journal of International Business Studies*, *36*(3), 270–283.

Turker, D., & Altuntas, C. (2014). Sustainable supply chain management in the fast fashion industry: An analysis of corporate reports. *European Management Journal*, *32*(5), 837–849.

Udayasankar, K. (2008a). Corporate social responsibility and firm size. *Journal of Business Ethics*, *83*(2), 167–175.

Udayasankar, K. (2008b). Corporate social responsibility and firm size. *Journal of Business Ethics*, *83*, 167–175.

Unerman, J. (2000). Methodological issues - Reflections on quantification in corporate social reporting content analysis. *Accounting, Auditing & Accountability Journal*, *13*(5), 667–680.

Uzzi, B. (1997). Social structure and competition in interfirm networks: the paradox of embeddedness. *Administrative Science Quarterly*, *42*(1), 35–67.

Van Marrewijk, M. (2003). Concepts and definitions of CSR and corporate sustainability: between agency and communion. *Journal of Business Ethics*, *44*, 95–105.

van Tulder, R., & Kolk, A. (2002). Child labor and multinational conduct: a comparison of international business and stakeholder codes. *Journal of Business Ethics*, *36*, 291–301.

Van Tulder, R., & Kolk, A. (2001). Multinationality and corporate ethics: Codes of conduct in the sporting goods industry. *Journal of International Business Studies*, *32*(2), 267–283.

Vance, S. C. (1975). Are socially responsible corporations good investment risks? *Management Review*, *64*(8), 18–24.

Vanhamme, J., & Grobben, B. (2009). "'Too good to be true!'". The effectiveness of CSR history in countering negative publicity. *Journal of Business Ethics*, *85*, 273–283.

Vurro, C., Russo, A., & Perrini, F. (2009). Shaping sustainable value chains: Network determinants of supply chain governance models. *Journal of Business Ethics*, *90*, 607–621.

Waddell, S. (2000). Complementary resources: The win-win rationale for partnership with NGOs. In *Terms for endearment: Business, NGOs and sustainable development*. Sheffield: Greenleaf Publishing.

Waddock, S. A., Bodwell, C., & Graves, S. B. (2002). Responsibility: The new business imperative. *The Academy of Management Executive*, *16*(2), 132–148.

Walker, H., Miemczyk, J., Johnsen, T., & Spencer, R. (2012). Sustainable procurement: Past, present and future. *Journal of Purchasing and Supply*

Management, *18*(4), 201–206.

Wan, Z., & Wu, B. (2017). When suppliers climb the value chain: A theory of value distribution in vertical relationship. *Management Science*, *63*(2), 477–496.

Wanderley, L. S. O., Lucian, R., Farache, F., & De Sousa Filho, J. M. (2008). CSR information disclosure on the web: A context-based approach analysing the influence of country of origin and industry sector. *Journal of Business Ethics*, *82*, 369–378.

Wang, M., Zhang, Q., Wang, Y., & Sheng, S. (2016). Governing local supplier opportunism in China: Moderating role of institutional forces. *Journal of Operations Management*, *46*, 84–94.

Wang, Q., Dou, J., & Jia, S. (2016). A meta-analytic review of corporate social responsibility and corporate financial performance: The moderating effect of contextual factors. *Business & Society*, *55*(8), 1–39.

Wartick, S. L., & Cochran, P. L. (1985). The evolution of the corporate social performance model. *Academy of Management Review*, *10*(4), 758–769.

Weick, K. E., & Sutcliffe, K. M. (2006). Mindfulness and the quality of organisational attention. *Organisational Science*, *17*(4), 514–524.

Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, *5*, 171–180.

Wieland, B. A., & Handfield, R. (2013). The socially responsible supply chain. *Supply Chain Management Review*.

Wiese, A., & Toporowski, W. (2013). CSR failures in food supply chains – an agency perspective. *British Food Journal*, *115*(1), 92–107.

Williamson, O. (1975). *Markets and hierarchies: Analysis and antitrust implications.* New York: Free Press.

Williamson, O. (1985). *The Economic Institutions of Capitalism.* New York: Free Press.

Wolf, J. (2014). The relationship between sustainable supply chain management, stakeholder pressure and corporate sustainability performance. *Journal of Business Ethics*, *119*, 317–328.

Wong, J. (2011). A relational view of resources-based theory: The case of internationalization of Li & Fung group. *The Journal of Human Resource and Adult Learning*, *7*(2), 34–39.

Wood, D. J. (1991). Corporate social performance revisited. *Academy of Management Review*, *16*(4), 691–718.

Wood, D. J., & Jones, R. E. (1995). Stakeholder mismatching: A theoretical problem in empirical research on corporate social performance. *The International Journal of Organisational Analysis*, *3*(3), 229–267.

Wootliff, J., & Deri, C. (2001). NGOs: The new super brands. *Corporate Reputation Review*, *4*(2), 157–164.

Xu, D., & Shenkar, O. (2002). Institutional distance and the multinational enterprise. *Academy of Management Review*, *27*(4), 608–618.

Xu, K., & Li, W. (2013). An ethical stakeholder approach to crisis communication: A case study of Foxconn's 2010 employee suicide crisis. *Journal of Business Ethics*, *117*, 371–386.

Yadav, M. S., Prabhu, J. C., & Chandy, R. K. (2007). Managing the future: CEO attention and innovation outcomes. *Journal of Marketing*, *71*, 84–101.

Yan, A., & Gray, B. (1994). Bargaining power, management control, and performance in United States-China joint ventures: a comparative case study. *Academy of Management Journal*, *37*(6), 1478–1517.

Yawar, S. A., & Seuring, S. (2017). Management of social issues in supply chains: A literature review exploring social issues, actions and performance outcomes. *Journal of Business Ethics*, *141*, 621–643.

Youngdahl, W., & Ramaswamy, K. (2008). Offshoring knowledge and service work: A conceptual model and research agenda. *Journal of Operations Management*, *26*, 212–221.

Yuan, W., Bao, Y., & Verbeke, A. (2011). Integrating CSR initiatives in business: An organizing framework. *Journal of Business Ethics*, *101*, 75–92.

Zaheer, A., McEvily, B., & Perrone, V. (1998). Does trust matter? Exploring the effects of interorganisational and interpersonal trust on performance. *Organisation Science*, *9*(2), 141–159.

Zavyalova, A., Pfarrer, M. D., Reger, R. K., & Shapiro, D. L. (2012). Managing the message: The effects of firm actions and industry spillovers on media coverage following wrongdoing. *Academy of Management Journal*, *55*(5), 1079–1101.

Zeger, S. L., Liang, K.-Y., & Albert, P. S. (1988). Models for longitudinal data: A generalized estimating equation approach. *Biometrics*, *44*, 1049–1060.

Zeidner, R. (2009). Uncovering offshoring's invisible costs. *HR Magazine*, 26.

Zhou, K. Z., & Xu, D. (2012). How foreign firms curtail local supplier opportunism in China: Detailed contracts, centralized control, and relational governance. *Journal of International Business Studies*, *43*(7), 677–692.

Zhu, Z., Hsu, K., & Lillie, J. (2001). Outsourcing - a strategic move: The process and the ingredients for success. *Management Decision*, *39*(5/6), 373–378.

Zyglidopoulos, S. C., Georgiadis, A. P., Carroll, C. E., & Siegel, D. S. (2012). Does media attention drive corporate social responsibility? *Journal of Business Research*, *65*(11), 1622–1627.